

Published
Monthly by the
NATIONAL
MUNICIPAL
LEAGUE
Vol. XXIV, No. 5
TOTAL NO. 227

NATIONAL
MUNICIPAL REVIEW

CONTENTS FOR MAY

LEAGUE'S BUSINESS	Howard P. Jones	246
EDITORIAL COMMENT	H. P. J.	247
SOLVING LOCAL TAX PROBLEMS	Harold G. Hoffman	249
SOCIAL INSURANCE	Philip F. LaFollette	252
THE CONSTITUTIONAL INITIATIVE STARTS A		
NEW ADVANCE	George H. Hallett, Jr.	254
THE SALES TAX ON TRIAL.....	Mabel L. Walker	258
MEASURING EFFICIENCY IN HIGHWAY		
ADMINISTRATION.....	John J. Theobald	263
VIRGINIA'S EXPERIENCE WITH NEW FORMS OF		
COUNTY GOVERNMENT	James E. Pate	265
NEWS OF THE MONTH		267
RECENT BOOKS REVIEWED		285
A MODEL REAL ESTATE PROPERTY TAX		
COLLECTION LAW — A SUPPLEMENT.....		289

The contents of the NATIONAL MUNICIPAL REVIEW are indexed in the Engineering Index Service, the Index to Legal Periodicals, the International Index to Periodicals and in Public Affairs Information Service.

COPYRIGHT, MAY, 1935



THE LEAGUE'S BUSINESS

A Radio Award.— It is a traditional editorial privilege "to point with pride," and we have a very good excuse for it this month. Our YOU AND YOUR GOVERNMENT radio program, which the League has been sponsoring for nearly two years, received the award of the Women's National Radio Committee as the best non-commercial and non-musical program on the air. This is no mere snap judgment of an irresponsible group. The National Women's Radio Committee is made up of official representatives of most of the national women's organizations—aggregating a membership of over ten million. We affirm with confidence that ten million women can't be wrong! The actual decision was made by a jury of nationally known women and their reason for preferring the YOU AND YOUR GOVERNMENT program was based on grounds of irrefutable logic. The award was announced by Chairman Anning S. Prall of the Federal Communications Commission on the basis of "the timeliness of the subjects, the wide range covered, and the impartial manner of presentation." The League coöperates in putting on this series with the Committee on Civic Education by Radio—a joint creation of the National Advisory Council on Radio in Education and the American Political Science Association. The Committee consists of Charles A. Beard, George S. Counts, Norman H. Davis, William Hard, John A. Lapp, Katharine Ludington, Joseph D. McGoldrick, Albert B. Meredith, Charles E. Merriam, Harold G. Moulton, Frederic A. Ogg, Bessie L. Pierce, Chester H. Rowell, Murray Seasongood, and Thomas H. Reed, Chairman. Miss Doris Darmstadter is the efficient secretary of the Committee.

Speakers and topics for coming broadcasts are as follows:

May 14— "Better Tax Collections," Arnold Frye, Attorney, Hawkins, Delafield and Longfellow. Philip H. Cornick, Staff Member, Institute of Public Administration.

May 21— "Safety Regulations." John E. Long, President, National Safety Council.

May 28— "State Councils." Governor H. Styles Bridges, New Hampshire. Stephen B. Story, Fiscal Agent, State of New Hampshire.

June 4— "State Control of Municipal Finance." L. P. Mansfield, Supervisor, Bond Dept., Prudential Insurance Company of America.

June 11— "The State Legislative Product of 1935." Henry W. Toll, Director; Hubert R. Gallagher, Research Consultant, American Legislators' Association.

* * *

The Providence Convention.— Immediately following the announcement that the National Municipal League would hold its next annual meeting at Providence, the *Providence Bulletin* carried an interesting editorial on the subject under the heading, "Welcome Decision." We quote the editorial below:

Decision of the National Municipal League, the leading organization in its field in the United States, to hold its 41st annual convention in Providence next fall is a welcome one.

Concerned solely with problems of state and local government, the League has a nation-wide membership, including most of the recognized authorities on the subject in this country. It has inspired many and important contributions to the cause of better government in the last four decades.

Never before, probably, have states and local communities been confronted by more numerous or more serious problems than they are today. The problems are not alone financial. They involve issues that go to the very fundamentals of self-government. They are problems that must be tackled and solved if the functioning of government is not to come perilously near breaking down under the strains to which it is subjected.

No organization is better equipped to consider those problems and to reach intelligent, disinterested conclusions regarding them, than the National Municipal League.

Howard P. Jones, *Secretary*

Wanted: Municipal Relief Projects

IN THE expenditure of four billion eight hundred odd million dollars for work relief, no little ingenuity is required to develop sufficient work projects of a constructive nature to justify the expenditure. The recent criticism of the New York City work relief set-up, and the amused consternation of press and public over the money that was being spent for "boondoggling", called nation-wide attention to this phase of the relief problem. While much of the criticism was ill-founded, particularly that dealing with recreation projects which a harassed investigating committee found it difficult to understand, the importance of creating useful work projects cannot be overestimated.

From the standpoint of those interested in the improvement of local government, here lies a splendid opportunity: the chance to add to our fund of information and improve administrative procedures. The difficulty of developing projects which are definitely out of the realm of politics, however, can be appreciated. Lent D. Upson discovered one the other day—the improvement of the assessment of real estate. Here is an ideal white collar project. All over the United States, tax maps and land value maps are needed. Data on sales, leases, rentals, appraisals, etc., need to

be collected, tabulated, and analyzed. There is ample opportunity in such work for both office and field activity, supplying employment to do a much needed task to clerks, stenographers, draftsmen, statisticians, surveyors, executives, and interviewers. In addition, there is a much needed separate appraisal of buildings which in turn would require a field inventory, the development of files and indices, a cost classification and depreciation schedule, a great deal of clerical and statistical work in computing building values, etc. The number of man-hours in this single project would be tremendous. And it has the advantage of being much needed, as well as of being definitely on the administrative side of government where politics should not enter.

One of the services of local government that has suffered most from the depression has been the country's public libraries. Here lies an opportunity on the cultural rather than the physical side—and Heaven knows, it is much easier to emphasize the latter in an expenditure program: yet it is one that would not only take care of many socially-minded people now unemployed but would definitely stimulate employment in the book industries and in other industries which furnish supplies or

equipment to libraries, as well as making a permanent contribution to the nation's cultural resources.

The NATIONAL MUNICIPAL REVIEW has repeatedly called attention to the dangerous curtailment of library income that has taken place during the depression. When the public library of the city of Chicago was unable to buy a single new book for two years in a period when new thinking was going on in almost every field, it was time something was done! Throughout the country, libraries have been unable to buy new books, replace old ones, increase service to meet a tremendously increased demand. It has been estimated that the sum of \$60,000,000 spent over the period of one year, would give employment to 50,000 persons, in addition to making a great contribution toward

the rehabilitation of our library facilities. If there is one institution in America worth fighting for, it is the public library! Here is an ideal work project on which the government could well invest a large sum of money.

There are others, many others, that might be mentioned. The point is: here is an opportunity through which our governmental services may be improved without adding to local costs. Among the specifications in each case, of course, must be: (1) a needed project capable of being carried out in all sections of the country, (2) a project without political implications, (3) one which is capable of providing a large number of jobs relative to the total investment. Readers of the NATIONAL MUNICIPAL REVIEW are urged to send in suggestions.

Facts and Philosophy

A CASUAL remark dropped the other day by one of the leaders in the governmental research movement, to the effect that every researcher ought to be a specialist on some phase of public administration, recalled the observation made some twenty years ago by a white-haired college professor of the old school, talking about life with a capital "L".

"To be a real success," he said, "by which I mean to make some definite contribution to the forward march of civilization, it is necessary to know something about everything and everything about something."

With every one seeking to become a specialist in some particular pattern of

affairs, it is difficult not to pause occasionally and wonder whether there exists no need for seeing the design as a whole. The whimsical definition of the expert as one who knows "more and more about less and less" contains more than a germ of truth. Thinking today, reflecting the scientific method, focusses on cases. Unless there be definite effort to draw principles for future guidance from the accumulation of case experience, to what purpose the examination of the individual case?

Fortunately, the field of municipal government and public administration is heeding the essential combination of facts and philosophy required to develop a sound body of principles and practice.

Division of the tax burden and constructive economy advocated as the way out of the financial dilemma of local governments

Solving Local Tax Problems

HAROLD G. HOFFMAN

Governor of New Jersey

THERE is no easy solution of our local tax problems in New Jersey, nor in any other state. There is no way by which we can obtain revenues to carry on government except through direct or indirect taxation. There are no painless taxes. There are no taxes that citizens are eager to pay.

In New Jersey, as elsewhere, we have followed the course of expediency and not the course of public interest in dealing with our revenue problems. We have refused to face the plain and threatening facts. We have continued to "pluck the goose where we could get the most feathers with the least squawking" until that long-suffering bird is in a state of collapse. We have punished the frugal worker, the farmer, and the little business man who saved a part of his earnings and bought a home for his family. We have assessed his property at full value and taxed it at a high rate because it could be seen and appraised. We have made almost no effort to tax the great proportion of the wealth of our citizens represented in personal property, in income and other intangibles. We have not taxed in proportion to the benefits received nor the ability of our citizens to pay.

In the midst of this period of economic uncertainty, our lopsided, inadequate revenue system has broken down, and when we need all of our courage and energy as individuals, as commun-

ities, and as a state to meet our day-to-day problems of relief and recovery, we are forced to a general reconstruction of the financial and revenue systems of our local governments.

An analysis of our local government problems will show:

First, that the operating costs of local governments have progressively increased year after year. While some of these costs may be laid to unwise expenditure and poor management, high municipal expenditure results chiefly from the demand of the people for service. The depression has added a new burden, and the limited taxpaying group can no longer carry both the old and the new tax load.

Second, in pursuing the principle of expediency, we have developed the "pay-as-you-ride", installment-buying policy beyond all reasonable and prudent limits. We have borrowed for improvements of all kinds against the credit of future generations without even making a down payment. We have ignored and evaded our debt limits until today New Jersey municipalities are loaded with a billion dollars of debt which costs forty-five cents out of every tax dollar to carry. This condition is comparable to that in other states.

Third, we have refused to recognize the fact that the horse-and-buggy days exist only in the museum of petrified memories, yet we continue to keep all

of our little structures of government in towns, in villages and boroughs, which neither need separate governments nor are able to pay for its maintenance. We have one hundred and seventy-six thousand local governments in the United States, each with its administrative machinery, its power to levy taxes and borrow money. In New Jersey we have nearly fourteen hundred local governments; New York State has more than eleven thousand. There is need of consolidation but differences in standards of municipal housekeeping, unequal tax rates, varying debt burdens and the reluctance of smaller communities to merge their identity into larger ones complicate the problem. The McCarter Commission studying this problem in New Jersey recently reported great need but little sentiment for consolidation. I do not favor forced consolidation but I am satisfied that we can accomplish a great deal by a sensible reallocation, coördination and consolidation of functions. We should make it possible for local governments to combine their purchasing, engineering, highway, police, and other activities that can be best handled in this way.

Fourth, in New Jersey to an unusual degree, and in most of the states to a greater degree than is justified, we have continued to depend upon the general property tax as the principal source of revenue for local governments. In New Jersey it is estimated that 25 per cent of the people who should pay taxes own real estate. This class of property represents perhaps one-third of our total wealth that is properly taxable. Yet we place 80 per cent of the tax burden on real property and 20 per cent on personal and intangibles having twice the value. We continue to punish the home owner, the farmer, and the citizen who has put his savings in real estate to the improvement of his community by compelling him to pay a tax eight times

as heavy as his neighbor who owns a different kind of property.

Real estate is *not* carrying the load. It can't. We are slow to accept the absolute fact that property which does not earn its tax cannot continue to pay it. We seem to forget that capital levies must fail. Yet our delinquent tax rolls ought to convince us. Our high debt service, our budgeting procedure, and local government costs all furnish compelling testimony that tax changes must come.

CONSTRUCTIVE PROPOSALS

In my inaugural message I proposed that we, in New Jersey, should abandon the weak device of expediency and face our problems with a determination to find for them the right solutions. I laid down a program for reduced spending in local government: limitation and control of budgets and borrowings, economies in operation, adoption of a sales and income tax to raise substitute revenues for those that had failed, and a pay-as-you-go policy in meeting our current needs. I proposed that we improve our assessment and collection procedure, balance our budgets, and abandon the foolish fiction of counting frozen revenues and uncollectible taxes as cash. I asked for a one-third reduction of the real estate tax. I urged new taxes for the specific purpose of providing funds for unemployment relief, a surer foundation support for our schools, and the continuance of essential services of government. Opposition was prompt to show itself both to reduced spending, closer regulation and curtailed services, as well as new taxes.

We are quick to insist on our right to a voice in public affairs, but we lose some of our enthusiasm when it is proposed to add us to the numbers of sustaining members of the community.

I can sympathize with much of the opposition, but I know that representative government cannot be perpetuated

if we continue to require a small class of our citizens or a minor part of our wealth to pay the cost of government. That is not American doctrine.

Business says it is unable to pay more taxes because of idle factories and reduced earnings. Those who have incomes point out that those incomes have been greatly reduced and that they are already paying heavy federal taxes. The workers, the retailers and those whose earnings are small insist that they cannot pay additional taxes because of reduced wages and work. Taxpayers' associations, business organizations, and many civic groups are inclined to unite against tax changes which will extend to their members the privilege and the responsibility of a financial part in their government.

I am told of the impending flight of capital, industry, investment, and population, of the hardships of an income tax and of the regressive features of a sales tax. Yet, thirty states have adopted an income tax; twenty-five have some form of sales tax, and the legislatures of a dozen other states are now considering these taxes.

The fact of the matter is that our illogical tax systems, local, state, and national, no longer serve our needs. In our feverish search for new revenues, and because we lack the courage to face the compelling facts, legislative mills are grinding out fifteen hundred tax laws this year, patching up old systems, but rarely going to the root of the trouble.

We have a reasonable understanding of sound tax principles. We know what taxes are equitable. We know the logic of a single coördinated system of taxation in which the taxing field would be fairly divided between the federal, the state, and local governments. We know what agency is best equipped to collect the several taxes, and we can work out a proper distribution of revenues among the several governments.

Yet we refuse to attack this vital question in earnest and we muddle along toward the day of reckoning. Until we brush aside our prejudices and develop a comprehensive and integrated taxing system, each state must meet as best it can its own particular problems.

BURDEN SHOULD BE DISTRIBUTED

In New Jersey I am proposing that we increase the number of supporting members of government by the adoption of a sales and income tax. The funds to be derived from these taxes are not for additional spending but as substitute revenue for the property tax that has failed.

There is more to this question of sound local government finance than merely a change in the tax laws. If local government is to survive as an important part of our political system, then we must not only develop, in New Jersey, an adequate system of revenue for local government, but throughout the nation. Failure to do this will lead inevitably to state centralization and the decadence of community government. The same logic applies to state governments. The states must provide a system of revenues for themselves and their local governments or they may expect to lose their independence and importance as a governing agency to the federal government.

The fight that I am making looks toward the maintenance of a local government self-sufficient in purely local matters within a state which relies upon itself to administer for its people their normal governmental needs.

Our local tax problems can be solved in New Jersey and in all of the states. It is important that we have economy, but it is also important that we take the steps that are clearly required to maintain the essential services of local government and that the citizens of each community shall pay for the com-

(Continued on Page 266)

Social Insurance

Unemployment reserves, old-age pensions, and other forms of social insurance strongly entrenched in Wisconsin

PHILIP F. LAFOLLETTE

Governor of Wisconsin

FOR forty years Wisconsin has been a leader in improving American economic and social conditions. We have been attacked and ridiculed, but the fact remains that our proposals have stood the test of time. Not a single important measure advocated by this state has had to be junked. We have moved slowly until we knew we were right. Then we have gone full speed ahead.

Wisconsin is still forging ahead. This state was the first in the Union to adopt an unemployment insurance law. This law was adopted in 1931 after many years of careful study. Our law has an essential difference from the unemployment provision made in the pending federal social security program.

The Wisconsin law requires the employer to set aside a certain per cent of his payroll as a fund for workers who are laid off through no fault of their own. Out of this fund are paid unemployment benefits to workers in proportion to their wages and length of service. Responsible companies set up reserve funds for their stockholders and bondholders. Our law is based on the principle that industry has the same duty to its employees. During the present depression thousands of firms have been paying regular dividends to stockholders. Many companies have been able to increase dividends. This was possible because in prosperous times

they built up reserves to meet future obligations of interest and dividends. Funds for unemployment, however, have not been set aside by business and industry.

The most obvious objective of unemployment insurance is to provide those who are thrown out of work with some income to tide them over until they can find other jobs. Up to now the crushing weight of unemployment has fallen upon the wage earners and the taxpayers. Unemployment insurance shifts at least a part of this cost to industry and business.

What some people fail to realize is the benefit of unemployment insurance to business and industry itself. When production and consumption get out of joint, workers lose their jobs. The immediate blow falls on the worker but it has important repercussions that are felt far down the line. The worker cannot pay his rent or interest, is unable to buy clothes or food, and fails to meet the payments on his debts. The effects of unemployment thus quickly spread to merchants, wholesalers and thence back to the manufacturers themselves. By furnishing men and women money to help support themselves until they find work again, unemployment compensation provides at least a certain amount of purchasing power among the jobless.

A particular object of the Wisconsin

law is to reduce unemployment. As our workmen's compensation law is designed to reduce conditions causing loss of life or limb, our unemployment law is designed to reduce conditions causing the loss of jobs. Workmen's compensation has succeeded, not only because it paid money to the injured worker but because it has stimulated industry to do away with unsafe machines and conditions of work.

But now I come to the point where the Wisconsin unemployment reserves law is unique. We set up separate accounts for each employer. This spurs each employer to provide steady employment. The more of his employees out of work, the heavier drain on his reserve fund. If, however, he manages his business so his unemployment is little or none, the payment out of his fund will be less in proportion.

One of the greatest tragedies of the depression is that we have been so overwhelmed with providing for the actually destitute that we have lost sight of the people who have managed by terrific struggles to keep independent of public relief. No recognition has been given and no life line has been thrown to these courageous people. In fact, in many instances they have been penalized for their independence by not being permitted to work on various public works projects. Industrial workers, white collar workers, millions of fine citizens have managed, through determination and sacrifice, to maintain themselves. America will make a grave mistake if our plans for social insurance do not recognize and encourage the spirit of self-reliance.

We Progressives of Wisconsin believe, as we have believed for forty years, in creative initiative and that it should have its reward. That is why we hold that the Wisconsin unemployment reserves act is superior to the one now being considered by Congress. Instead

of dumping all the money into one pot to be doled out share and share alike regardless of the individual employer's deserts, we believe that the employer who stabilizes his employment should have the benefit of his good management. The Wisconsin law is based on the sound American principle of recognition of initiative. It rewards good management and penalizes bad management.

We in Wisconsin do not want initiative undermined. We want it encouraged. But we do insist that America's abundant energy and initiative shall be channeled for the common good.

Unemployment reserves, old age pensions, and other forms of social insurance are no cure-alls for the depression. If wisely designed they can be made important steps in the right direction. But social insurance is ultimately dependent upon the real prosperity of the whole country. And there is no short cut to wealth and prosperity. If we are to have wealth, we must create it. And the only way to create it is through work. Unemployment—unemployment of men, of factories, of machines, of land, of money—has drastically reduced our total income. We have produced less and we have less to go around. We cannot support a sound system of social insurance unless the American people are at productive work.

The greatest asset of any nation is the character and vitality of its people. Those priceless qualities are undermined by idleness and doles, however disguised.

Let America provide as generously as it can for the old, the sick, and the young. But for all the rest of us we must have a real chance to earn our own living from useful work. With our human and material resources in productive use, America can provide us a high standard of living, can make provision for our youth, our old, and for

(Continued on Page 266)

The Constitutional Initiative Starts a New Advance

New York takes the first step to join the ranks of states granting citizens the right to amend their constitutions by petition and popular vote

GEORGE H. HALLETT, JR.

Secretary, Citizens Union of the City of New York

THE last important action taken this year by the New York Assembly, just before adjourning on the afternoon of April 17 after an all-night session, was to vote approval of a constitutional amendment to allow the state constitution to be amended by a large petition and popular vote.¹ It was one of Governor Lehman's program measures and every Democrat was held in line but there were no votes to spare. The vote was 76 to 51, 76 being the constitutional majority. Previously the bill had passed the Senate by 26 votes to 18, 26 being the constitutional majority. Senator Thomas C. Desmond of Newburgh, independent Republican, returned from a long illness just in time to cast the deciding vote in its favor when two Democrats deserted. The amendment now goes to the legislature of 1937 for reconsideration and if passed again will be on the ballot at the succeeding fall election.

In both houses the bill was vigorously attacked by the Republicans as a dangerous extension of popular power at a time when demagogues are abroad in the land. The specter of the Townsend plan with Senator Long's share-the-wealth plan galloping close behind struck fear into the breasts of conservatives and even some liberals.

Actually the bill had been carefully safeguarded against ill-considered action. The requirement of a 10 per cent petition based on the last vote for governor would make necessary the presentation of over 400,000 signatures and not more than half of these could be counted from any one city or more than one-third from any one county. A delay of at least eight months between filing of a petition and submission of the question at a general election is required. Amendments "restricting the power of taxation of the state or of its political subdivisions" would still have to take the ordinary route through two legislatures with an election of senators intervening. And the bill contains a provision that "the legislature shall by general law provide proper safeguards and limitations upon the procedure established by the two preceding sections but not inconsistent therewith". Under this grant of power it is thought that the legislature could set up machinery for carefully checking petitions, require that the wording of amendments be submitted to the state bill-drafting commission for advice before being circulated, and even provide that a session of the legislature should intervene between the filing of part of the signatures and the filing of a final number definitely requiring submission so that the legislators could satisfy the demand behind the petition in a more constructive

¹Senate Bill No. 1674, Introductory No. 17, by Senator Byrne.

way if they found themselves able to do so.

EVIDENCE FROM OTHER STATES

There are twelve other states, including four of the larger states with conditions most nearly comparable to those of New York, which already permit their constitutions to be amended by petition and popular vote. They are Arizona, Arkansas, California, Colorado, Michigan, Missouri, Nebraska, Nevada, North Dakota, Oklahoma, Ohio, and Oregon. In addition Massachusetts has a provision under which constitutional amendments can be initiated by petition if supported by a quarter of the members of two successive legislatures.

The percentage of petition signers required in these states is nowhere greater than the 10 per cent of the gubernatorial vote proposed in this year's bill for New York except in Arizona and Oklahoma, where the 15 per cent required would be much easier to get than 10 per cent in New York. Five of the states require 10 per cent, four only 8. Two require a definite number of signers, very small in comparison to the number under the New York proposal.

Arkansas, Missouri, Nebraska, and Ohio require the signatures to be scattered over a considerable number of counties, but all the others, including Michigan and California, have no such restriction.

After the New York bill was introduced this year letters were sent by the Citizens Union, which strongly favored the amendment and had a hand in its drafting, to about fifty recognized authorities on governmental matters in the thirteen states referred to, asking for the results of their experience with constitutional amendments initiated by petition and for criticisms of the New York proposal. Thirty-four sent prompt replies containing a mass of information and covering all the thirteen states except Nevada and Oklahoma. This in-

formation was used by the Governor and the sponsors of the bill, Senator William T. Byrne of Albany and Assemblyman S. E. McDermott of Cohoes, and circulated among legislators of both parties.

The replies—most of them from persons whose attitude was not known in advance—display a surprising measure of agreement. Only one (one of the two from the state of Arkansas) disapproves the principle of allowing constitutional amendments to be initiated by petition and 25 are very definitely in favor of it. The other eight give facts without expressing a definite opinion on the general principle. Several say that the principle has strong popular backing in their states.

INITIATIVE AMENDMENTS SATISFACTORY

Most of the persons answering regard this year's New York bill as very satisfactory in its main provisions. Several suggest amendments in detail which could be provided for by legislation under the amended form of the bill.

The replies show nearly unanimous agreement on the following conclusions from the states which have experience with constitutional amendments by petition and popular vote.

1. The draftsmanship of amendments adopted by this method does not suffer by comparison with amendments initiated by the legislature. Emmett L. Bennett, director of the Cincinnati Municipal Reference Bureau, an expert in matters of draftsmanship who has examined all the recent amendments in Ohio with this aspect particularly in view, gives the reason as follows: "People who set out to get a petition have to get so many names and have so much work before them, and are so well aware that any drafting defects will be held up against them by their opponents, that they are much more likely to take the time to consider than is the general assembly."

2. Proposals for the special benefit of particular interests are sometimes proposed but seldom adopted. A high degree of discrimination on the part of the voters in regard to constitutional amendments is testified to by nearly all who mention the matter. It is agreed also that the voters have usually been conservative in their decisions. Professor A. W. Bromage of the University of Michigan writes: "The significant thing is that no 'special interest' amendment has been adopted by Michigan under the constitutional initiative." Michigan has had the plan in operation since 1914.

3. Though very useful in certain instances the initiative has not been used extensively for constitutional amendments in most of the states which have it. Still less has it resulted in cluttering the constitution with a large number of amendments actually adopted. From 1913 to date Ohio has voted on twenty-four amendments submitted by petition and adopted only six. Since 1914 Michigan has voted on twenty-three and adopted three. Since 1910 Missouri has voted on twenty or twenty-six (the two tables received differ on this point) and adopted six. Since 1912 Colorado has voted on thirty-two and adopted eight. Since 1915 Arizona has voted on fifteen and adopted eight. In twenty years Nebraska has voted on only five and adopted two.

The right has been used most extensively in Oregon and California, but even there the use of the constitutional initiative has been less than is commonly supposed. Oregon has had the plan since 1904. In thirty-one years it has voted on fifty-six amendments submitted by petition and has adopted twenty-two. California has had the plan since 1912. In twenty-three years it has voted on forty-one amendments submitted by petition and adopted ten.

The percentage of amendments adopted when submitted by petition does not

differ greatly from the percentage when submitted by the legislature. In California it is lower, in Missouri higher, in Ohio almost the same.

4. The petition method has made it possible to bring before the people important changes for which there was a strong demand but which the legislature found it politically embarrassing to approve or sometimes even to consider. A typical case is described by Mayo Fesler, director of the Citizens League of Cleveland. He says:

"The people of the state are thoroughly well satisfied with that plan of submitting amendments. A number of amendments have been submitted in that way.

"A typical case was our county home rule amendment permitting counties of the state to improve or reform their government and to get away from the awkward uniform requirement in the constitution. Proposed amendments had been submitted to the general assembly for eight successive biennial sessions of the general assembly. The rural members always voted down the proposal to submit it to the people.

"Two years ago we organized a county home rule association covering the state; initiated the amendment by securing 250,000 signatures; and at the 1933 general election, the people adopted the amendment by 105,000 majority. If we had not had the right of initiative, we probably would have gone on until doomsday, seeking a desirable change of that kind.

"An illustration of the other type of amendment which the people just as readily defeated was shown in the two amendments submitted last fall by the road-building and gasoline interests in which they have tried to fix it in the constitution that gasoline tax money could not be diverted to welfare or other purposes, even in an emergency. They

put up an expensive campaign but both amendments were defeated.

"Our experience in Ohio proves that the initiative is an entirely safe instrument of government for constitutional amendments; that on the whole it has become a conservative instrument; and that the people, in an enlightened state, can be depended upon to vote intelligently and with discrimination on these major policies.

"Members of the legislature should welcome this means of placing before the people a change in the fundamental law because it relieves the legislature, at times, of extremely vexing questions which it is extremely difficult to determine except by the petition of the people."

Referring to the same experience Charles P. Taft, of Cincinnati, former prosecutor of Hamilton County, Ohio, and son of the late president and chief justice, writes:

"I am very strongly in favor of the initiative submission of amendments to the state constitution. In our experience in Ohio, the people have been very discriminating in their votes on these amendments. Of course I have not lived in Ohio for more than thirteen years out of the twenty-two that our provision has been in effect. During that period, however, I do not know of any constitutional amendment which has passed that has been badly drawn. There have been some submitted which might well be criticized, but these were defeated.

"On the other hand we have certainly gotten through some amendments which are highly desirable, and which were proven by many years' effort to receive no attention whatever from the state legislature.

"Among the ones which have been passed are a classification amendment getting away from the uniform rule [in

taxation], and our own county home rule amendment adopted in 1933. There are some which have been adopted, such as the ten-mill limitation upon the tax levy for real estate, on which the people decided in a way contrary to my own opinion; nevertheless, the amendment was well drawn, and if you believe in popular government, I do not see that its passage is any reflection upon the initiative procedure. Certainly the matter was considered and discussed at some length." This particular type of amendment has been ruled out in the latest form of the New York bill.

Two of the letters from California stress the adoption at the last election of a new method of electing judges in that state. William H. Nanry, director of the San Francisco Bureau of Governmental Research, writes: "This has been hailed as one of the most advanced steps in American state legislation dealing with the judiciary. Efforts have been made by disinterested, nonpartisan groups to bring about such a reform for over ten years, but the legislature could not be induced to submit the amendments to the people. In this case state-wide organizations such as the Commonwealth Club, California State Chamber of Commerce, Bar Association, American Legion, National League of Women Voters and others joined in the preparation of the amendments and the securing of the necessary number of signatures."

Another Californian, Congressman Clarence F. Lea of Santa Rosa, who has won the nominations of both major parties in the last eight elections and who has recently served as chairman of the Democratic caucus in the national House of Representatives, writes:

"I believe that on the whole it is very desirable to give the people a right to amend their constitution by initiative methods."

Although undoubtedly productive in yield, the sales tax possesses other attributes that make it undesirable as an income measure

The Sales Tax on Trial

MABEL L. WALKER

Executive Secretary, Tax Policy League

THE Pennsylvania Chamber of Commerce has recently issued a pamphlet entitled "Satisfactory Results With the Sales Tax in Sixteen States." This publication consists entirely of the replies to six questions which were addressed to the governors of sales tax states. California is not included.

Determining the satisfactoriness of the sales tax wholly on the basis of opinions furnished by the officials who promoted the tax and within, in some cases, a few months of its adoption, is a good bit similar to accepting the verdict of a man who has been his own judge and jury with respect to an act he has just committed.

The replies to three of the queries, however, are not open to question. Opponents as well as advocates of the tax have consistently admitted that the tax would be satisfactory as a revenue producer, and in consequence, would be effective in relieving the financial necessities of the states and in strengthening their ability to relieve unemployment distress.

Revenue yields in some instances have been conspicuously above estimates, as in Mississippi where collections ran 16 per cent above estimates in the first year and have increased each year thereafter.

The other three questions which were propounded to the governors are less objective in their nature and cannot be

disposed of so readily. The questions are as follows:

(1) Have you experienced any serious difficulties in its administration?

(2) Do you feel that there has been any serious evasion?

(3) Has it been your experience that opposition to the tax soon disappears after it is put into effect and the people accustomed to it?

DIFFICULTIES IN ADMINISTRATION

Eleven of the sixteen governors state that no serious difficulties have been experienced in administration. The Governor of Mississippi declares that, "It must be conceded that sales tax has been administered successfully in Mississippi."

The Governor of Kentucky declares that, "The administration has been very satisfactory, the only difficulty being that some merchants are accused of failure to report the full amount collected. This can be avoided by the provisions penalizing those who seek to profiteer."

The Governor of Missouri states that the "main difficulty has been lack of field men due to small appropriations for 1934."

This question is not answered by the Governor of South Dakota.

Governor Martin of Washington says: "Outside of the constitutionality of the act, our most serious problem has been that of classifying taxpayers as to

business activities. The question of the state's right to tax telegraph and railroads is still to be determined by our Supreme Court."

Had Pennsylvania and New York been included in this survey a different type of reply could have been expected. Both of these states found the sales tax unsatisfactory and dropped it after a brief period of experimentation. The Pennsylvania law was allowed to expire after a six months' trial. The New York law lapsed at the end of fourteen months. Both Governor Pinchot and Governor Lehman opposed any extension of the sales tax measures.

Mark Graves, president of the New York State Tax Commission and one of the most outstanding tax administrators in the country, declared after several months' experience with the sales tax: "Although our Commission has had a rather wide experience in administering a variety of tax laws, we have found our retail sales tax the most difficult and perplexing statute which we have ever tried to administer."

Mr. Graves found three outstanding difficulties which were peculiar to the sales tax: (1) The problem of identifying a retail sale. "In very many cases it is exceedingly difficult, if not impossible, for the seller to ascertain when he makes a sale, whether or not he is selling to a final buyer or ultimate consumer." (2) The problem of determining receipts from sales, inasmuch as in many transactions a substantial part of the receipts represent labor costs or sales of services which are not taxable. (3) Perhaps the most difficult problem hinges around interstate commerce and export and import trade. Serious and perplexing problems arise in this connection.

Somewhat paradoxically, the cost of collecting the tax is likely to be high in proportion to the efficiency and zeal with which the tax officials attempt to

make a thorough job of collecting. For the expense and difficulty of collecting from the numerous fly-by-night, hot-dog stand types of enterprises which keep no records is much greater and the revenue collected much less than in connection with the larger enterprises.

The most authoritative study which has so far appeared on the sales tax in this country is "The Sales Tax in the American States" by Professors Robert Murray Haig and Carl Shoup and other economists of Columbia University. The conclusion reached in this study is as follows:

"The sales tax cannot be equitably administered without a considerable field force and able legal counsel. Under retail rates of 1 per cent or more, evasion will be widespread unless the books or records of taxpayers are inspected, and a considerable body of litigation will develop if enforcement is vigorously prosecuted. . . . In certain circles, however, the sales tax seems to have gained a wholly unwarranted reputation for simplicity and ease of administration. The reasons for believing such a reputation is unwarranted are indicated in the sections of this volume which detail the measures deemed necessary by the state administrators to assure a fairly thorough enforcement of the tax, and in Part Four below, which reveals some of the legal points that will probably soon be before the courts. It is not easy to compare the administrative difficulties of the sales tax with those of other taxes; the difficulties of the sales tax are for the most part unique, not hitherto encountered in taxation in the United States."

EVASION

Ten of the sixteen governors reported that there had been no serious evasion of the tax. Governor Laffoon of Kentucky replied: "The percentage of merchants who have tried to avoid the tax is negligible. You understand that our

tax is collected from the buyer by the merchant. The only trouble has been that it is supposed some merchants have not made a full report."

Governor Fitzgerald of Michigan declared: "No serious evasion of the tax has been proven, but persistent rumor indicates many minor evasions."

The reply from Missouri was: "While there have been evasions, we do not consider the per cent any greater than in any other form of taxation."

North Carolina: "There have been some evasions under the exemption provisions and the usual percentage of administrative difficulties attendant upon any tax collection."

No replies to this question were received from Mississippi and South Dakota.

Accurate statistics concerning evasion are in the nature of things difficult to obtain. Evasion is a secret process and when it can be proved it can in most instances be corrected.

The present New York sales tax is supposed to be paid by the consumer. Very determined attempts are being made by the city administration to see that the tax is paid in full. Most of the grocery stores have tin boxes for the deposit of pennies collected on articles other than food. Yet almost any one who is questioned can cite instances of purchases for which they were not taxed.

It seems, moreover, relatively easy for the cash register type of establishment to evade the tax to some extent. Particularly in the case of the bracket tax are difficulties of collection apparent in this connection. For example, under the New York law a tax of one cent is levied on sales amounting to from 13 to 62 cents. A one cent tax on a 13 cent package of cigarettes, however, is not a 2 per cent tax but almost an 8 per cent tax. A large proportion of the sales made in the small establishments

therefore are being taxed at several times the 2 per cent rate. If, however, sales slips are not kept and checked, the vendor can return to the state 2 per cent of his total sales whereas the consumers have actually paid in considerably more than that amount as taxes.

Under such a system the vendor is encouraged to dishonesty and indeed it is difficult to see how he could be strictly honest in the matter unless he went to the trouble and expense of installing a much more elaborate system of accounts than his business needs justified.

TAX AVOIDANCE

If it is impossible to obtain accurate data on tax evasion, how can there be any reliable check upon tax avoidance. Avoidance of the sales tax can be practised in three ways.

1. The consumer is irritated and refuses to make the purchase.
2. Many consumers find it possible to have their goods delivered outside of the state and escape the tax.
3. As a result of the tax many consumers buy outside of the state either by personal shopping in another state where that can be done conveniently or by buying through mail order houses.

The following quotation is from an editorial appearing in *The Bulletin* of the National Retail Dry Goods Association for January, 1935:

"Not only has the New York City sales tax had a retarding effect on sales, but it has presented other problems to the retailers of this municipality.

"The regulations now provide that purchases made by residents of other states, as well as by residents of New York State, to be delivered outside the city limits shall be tax-exempt. This ruling has resulted in a marked increase in the number of 'sent' transactions. Customers living outside the city area,

who would ordinarily take small packages with them, are now demanding that they be delivered in order to avoid payment of the tax. It is evident that this change in customer habits will materially increase the delivery costs to New York retailers."

Out-of-town deliveries subject the merchants to added annoyance and expense, but the first and third devices deprive them of business and affect the general prosperity of the community.

At the recent meeting in Washington of the Interstate Assembly, conducted by the American Legislators' Association and the Council of State Governments, speaker after speaker from the sales tax states arose to complain that the tax was driving business out of their states.

"We are too close to the mail order houses of Chicago," declared a speaker from Michigan, where a 3 per cent sales tax is in effect. "Many of our people are buying from them in preference to paying the sales tax."

Similar complaints were voiced by a number of representatives from other states. These speakers were seeking a way of meeting this difficulty and the most likely solution that could be suggested by anyone at the conference was that the interstate commerce clause be amended so that the sales tax states could tax interstate sales. In other words, each state would be permitted to set up its own little tariff wall against every other state. Such tariffs would, of course, be meaningless unless each state provided a sufficient army of inspectors and police to prevent smuggling across state lines. It doesn't present a very pretty picture. Yet until such tariff walls are erected and such armies of border police are installed, the legislatures of sales tax states will continue to knife the business and industry of their respective states.

It has been estimated by business men that the recently enacted New York City sales tax of 2 per cent cost the merchants of the city at least a 6 per cent increase in their business during the Christmas season. Until December 10, when the tax went into effect, buying had been tremendous and Saturday, December 8, was the biggest in years. The increase in business was so reduced during the two weeks preceding Christmas that it can only be accounted for by the tax. Meanwhile, the percentage of increase in other nearby cities was on the average double that of New York City.

According to the comprehensive study of the existing state sales taxes recently made by Columbia University economists and financed by the Rockefeller Foundation, there were a number of instances of loss of trade due to the tax.

Illinois wholesalers and manufacturers who are subject to the tax on sales to final users and consumers have complained that "through the operation of the interstate commerce exemption Illinois cannot meet the competition of out-of-state companies, the result being a loss of business and unemployment." Many of the border towns of New York State reported loss of business when the 1 per cent state levy was in effect.

The state of Washington has recently levied what is practically a duty on goods brought into the state. It is known as a compensating tax and amounts to 2 per cent of the purchase price of goods bought elsewhere and brought into the state, although it does not apply to goods shipped into the state.

The plan is arousing vigorous protest. Proposals for a referendum on the law are being considered by Washington citizens. Oregon merchants are preparing to bring legal action against the act as unconstitutional.

OPPOSITION TO THE SALES TAX

Eleven of the sixteen governors claim that opposition to the tax has decreased and in some cases almost completely disappeared. Indiana claims that the principal opposition is from organized retail merchants who want a consumer's sales tax instead of the present gross income tax. Kentucky reports that "the sales tax has grown exceedingly popular with the public."

Missouri declares: "We feel chief objection is from merchants who have been absorbing the tax; but with a passed-on feature would be very acceptable."

Ohio: "We have had no material opposition to the tax but under the system under which we are operating, it continually directs the attention of the taxpayer to the fact that he is paying the tax."

It seems plausible that opposition to the sales tax will be most pronounced at its inception. The loud and angry protests on the part of the consumers due to the sudden shock of being confronted with the tax are likely to give way to sullen resentment as the tax becomes a familiar day-by-day phenomenon. But that does not furnish conclusive proof, in this writer's opinion, that the opposition is disappearing or that the tax is proving a popular one.

Public sentiment on most questions is far from homogeneous. Opinion concerning the popularity of the sales tax is likely to be based largely upon the views of those with whom one comes in contact.

EVALUATING THE SALES TAX

This article has dealt almost entirely with certain technical aspects of the

sales tax. A proper evaluation of a tax as a satisfactory measure must rest also upon social and economic considerations. It is not sufficient merely to achieve a status of plucking considerable feathers and keeping the resulting squawk below the ear-splitting stage. If the goose is injured in the process or if thereby standards for the whole flock of geese are lowered, the result is not satisfactory.

It may be expedient to add the facetiously designated fifth canon of taxation (plucking the most feathers with the minimum squawk) to the other four but that does not mean that the other characteristics of ability, certainty, convenience and economy should be ignored entirely.

The claim that the sales tax is a painless one is, moreover, seriously open to question. The sales tax in New York City is like a sore thumb. It is continually forcing itself on one's attention. A penny tax on a package of cigarettes, a penny on an ice cream soda, a nickel or so on the household supplies (food is exempt but other supplies are not) a penny on a box of aspirin and two cents on the cod liver oil, two or three cents on a pair of stockings, several nickels and dimes for wearing apparel of a more substantial nature, two or three cents if the restaurant bill amounts to a dollar or more. So it goes all day and every day and at the end of the month the utilities collect a few more nickels and dimes along with the monthly electricity and phone bills. Considerable irritation concerning the tax is developing on the part of many citizens who would be quite willing to bear their share of the tax burden in direct and equitable fashion.

Measuring Efficiency in Highway Administration

Summary of study for the New York State Commission for the Revision of the Tax Laws, making recommendations for more economical and efficient administration of highways

JOHN J. THEOBALD

College of the City of New York

THE lack of an accredited basis on which to compare highway administration and to consider the economics of highway improvement has long been a bugaboo to the engineer engaged in municipal work. The inability to defend a decision as to whether or not a street should be paved, and if so, what type of surface should be chosen, has frequently forced the technician to lay aside his better judgment in such matters and submit to the clamor of the crowd. There are many instances of paved roads, with a handful of cars a day. Such conditions have resulted in an insufficiency of funds for improvements where they are truly needed.

Recent activities on the part of numerous car-owner groups, attempting to impress upon governmental authorities the need for better roads, make the demand for an accurate method of analysis more imperative than ever.

The belief that the complexity of the highway problem makes detailed consideration impossible has been too generally accepted in the past. True, the amount of research done in this particular field is small when compared with scientific activity in other lines, but the information which has been developed is sufficient to indicate the possibilities of economic comparison, and its application to the problems of highway administration would be highly advantageous.

A recent highway study for the New York State Commission for the Revision of the Tax Laws has attempted to do this. The value of the report is felt to lie particularly in the fact that it establishes clearly the efficiency of the larger units and presents a method by which the economics of comparative highway problems can be weighed. The only data used in the study which is not generally kept by highway departments is traffic, and the advantages to be gained financially by a sound paving policy far exceed the cost of maintaining this information.

The survey considers the problem in two parts: First, the question of the relative efficiency of existing units; and second, the matter of paving policy.

In order to do this it was necessary to determine the relationship between traffic and maintenance costs. This was accomplished by comparing the traffic and the cost of maintenance per mile one foot wide, for the paved and unpaved roads of about three hundred different governmental subdivisions of the state. It was found that the variation was approximately expressed by the following equations:

$$\left. \begin{array}{l} \text{Average maintenance} \\ \text{cost of unpaved road} \\ \text{per mile 1' wide} \end{array} \right\} = 21.7 + .0005 \text{ (traffic in tons per annum)}$$

$$\left. \begin{array}{l} \text{Average maintenance} \\ \text{cost of paved road} \\ \text{per mile 1' wide} \end{array} \right\} = 17.16 + .00015 \text{ (traffic in tons per annum)}$$

With these formulas as a basis, the size of the maintenance problem in dollars for each unit was determined.

A curve plotted between size and actual cost of maintenance per mile for units in which the remaining variables were approximately the same showed clearly that the small highway departments were less efficient than the large and that the rate of increase in costs as the mileage fell below about one hundred miles was quite rapid.

The general conclusions were, of course, subject to some variation, but it is significant that in the twenty-four counties whose town, county and state units were visited and examined, the departments of the state and county gave better service for considerably less money than their small associates—the towns, in all but five instances—and that in these five instances the townships gave an inferior grade of maintenance at a cost which was practically the same as that for the larger units.

The same equations, when coupled with construction cost data, made it possible to examine paving policies. In order to do this it was necessary to compare the total annual cost for paved and unpaved roads. This is a summation of the following factors:

- (1) Annual cost of maintenance;
- (2) Interest on the total cost of the improvement;
- (3) The annual amount of amortization over the economic life of the road;
- (4) The savings to motor vehicle operators.

The first of these was obtained from the cost records and, under normal conditions in an efficiently run unit, is practically the same as that obtained by substitution in the previously mentioned equations.

The second is merely the total cost incurred in making the improvement multiplied by the interest rate at which

the governmental unit can borrow money.

Item number three was taken as the amount which must be set aside annually for the life of the improvement, in order to accumulate a sum equal to the cost of improvement less salvage value.

The last mentioned element of cost is the difference in automotive operating expense on the two types being considered. This has been measured by the Iowa State Engineering Experimental Station and found to be about 2¢ more per vehicle a mile on gravel than on concrete, and 1¢ more on gravel than on bituminous macadam.

From the standpoint of the governmental official there is another factor of major importance. This is the matter of the source of money. In the United States highway funds come in general from two sources, the real estate owner and the motor vehicle owner. Money from these two sources is combined in varying degrees to make up the total road budgets of the numerous political subdivisions.

In New York, state highways are supported solely by the motor vehicle and gasoline tax returns. The villages, on the other hand, pay for their entire road programs by assessing real estate. The townships present an intermediate situation in which real estate meets about half the annual burden and the gas and motor vehicle tax in the form of state aid furnishes the remainder.

Under these conditions it was assumed that from the viewpoint of the authorities considering village streets, the savings to motorists could not be included in making an economic comparison thereof.

By the same line of reasoning, when examining state roads, all four of the items listed above were included, while in the towns items one, two, three, and half of four entered into the consideration.

(Continued on Page 284)

Virginia's Experience With New Forms of County Government

JAMES E. PATE

College of William and Mary

ONLY a brief statement is needed to remind readers of the NATIONAL MUNICIPAL REVIEW that Virginia's optional county government law (1932) allows counties to choose either the county executive or the county manager form of government. Under both plans the people elect the board of supervisors, the commonwealth's attorney, the sheriff, and the clerk. Both plans provide for a departmentalization of the county's activities. The principal difference between the two forms of government is that the board of supervisors upon the recommendation of the county executive appoints administrative officers and employees; while the manager, directly responsible to the board for administration, appoints administrative officers.

One year ago Albemarle adopted the county executive and Henrico the county manager form of government. In the recent budget statements of County Executive Haden and County Manager Day the friends of good government who hoped earnestly for the successful outcome of these experiments in local government were not disappointed. Measured by the slogan "efficiency and economy" which has been taken as the standard of success in recent reorganization movements, the new forms have succeeded.

First, in regard to economy, Henrico reduced her general county tax levy by 26 per cent for the fiscal year 1934-35. County Executive Haden of Albemarle is recommending for the fiscal year 1935-36 a reduction of 16 $\frac{2}{3}$ per cent in the levy for general governmental purposes. Henrico has had to increase several special levies in order to provide

a sinking fund to retire some bonds issued in 1927. The Albemarle executive reports a saving of \$6,000 in salaries in the department of finance due largely to the merging of the county treasurer's and the commissioner of revenue's offices, and a saving of \$3,600 in the department of records due to placing the county clerk on a straight salary basis instead of salary plus fees. Both counties report better tax collections than in previous years. This is in part due to the change from hiring tax collectors to a system of tax collection letters. Henrico has adopted a "tax budget" plan whereby taxes for the year 1935 can be paid in ten installments.

Both efficiency and economy score in the centralized purchasing system whereby substantial discounts are saved in buying supplies for the departments and the school system. Henrico boasts of a nine-months school term (1934-35) in contrast to the eight-months term of the old administration. The manager, however, does not say that federal money might account for the longer term.

Efficiency scores again in Henrico's departments of public works and law enforcement. The county unit system of road construction, the construction and maintenance crews, and one equipment depot has resulted in a more efficient operation of road equipment, a reduction in the number of road superintendents by one, and a more coördinated road program.¹ The law enforcement service has been reorganized under the sheriff's control. Plans have been made to cooperate with the city of Rich-

¹Henrico, a semi-urban county, voted to stay out of the state road system.

mond in providing a police training school. A training school including first aid courses for firemen has been completed.

Previous to Henrico's managerial system the administration of health was carried on by the state, the county making appropriations to the state health department. Under the new arrangement health administration has become a unit of county government and the state health department now makes allotments to the county. This is more ammunition for the reformers and the devotees of local self-government because it has been stated often that the way to stop centralization is for the local governments to do their work well.

While editors and other articulate organizations are applauding and writing about what other counties have missed by not reorganizing, the officers defeated by the adoption of the new forms of government are not pleased. The leaders of the old administration, who in several cases had to be ousted to make way for the new, are critical of the accomplishments. They criticize the tax increase in Tuckahoe sanitary district. They oppose elections at large because a supervisor was elected from the county at large while losing his own district.

"That is not representative government," they say. But the most serious indictment of the old line leaders is that the present system is not "Democratic" because three Republicans, they claim, are now holding minor offices in the courthouse. They don't like this "fostering of republicanism".

The leaders of the old organization are eyeing hopefully the August primaries. On the other hand the members of the Henrico Citizens League, who met April 5 to lay plans of action for the coming political test, will oppose all efforts "to emasculate the county manager government for political or selfish ends". As they warn the voters: "Don't let the old administration fool you into thinking that they want the county manager government. The county manager form is predicated on a principle of government which is diametrically opposite from the kind of government they propose. County manager government is run on the principles of sound business. It does not tolerate a government based on the spoils system where party leaders appoint men to office merely because of their loyalty to the party and irrespective of their qualifications for the office."

SOCIAL INSURANCE

(Continued from Page 253)

those less fortunate. Thus and thus alone we build strong bodies and sturdy characters—and so provide for the American people the only real security there is—the definite assurance that able-bodied men and women shall have a real chance to support themselves.

EDITOR'S NOTE: Radio address delivered April 23, 1935, in the YOU AND YOUR GOVERNMENT series over a nation-wide network of the National Broadcasting Company, under the auspices of the Committee on

SOLVING LOCAL TAX PROBLEMS

(Continued from Page 251)

mon services which they require for themselves. Citizen responsibility, home rule, and American principles of government lie only in this way.

EDITOR'S NOTE. Radio address delivered April 9, 1935, *Ibid.*

Civic Education by Radio of the National Advisory Council on Radio in Education and the American Political Science Association, in cooperation with the National Municipal League.



NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

Chicago City Manager Committee.—Formal organization of a City Manager Committee comprising a group of civic and business leaders whose objective centers around the securing of city manager government for Chicago, was perfected at a meeting held April 16 at the Union League Club. Steps will be taken immediately to incorporate the committee under the laws of Illinois, and to develop a definite program to effect the purposes of the group.

Frederick A. Virkus, vice president of the Chicago Legion of Non-Partisan Voters, chairman of the sub-committee on improvement of local governmental structure of the Union League Club, and member of the Illinois state committee for constitutional revision, was elected president of the committee.

Activities of the committee are sponsored by an advisory board, which, in addition to the newly-elected officers, consists of thirty-five well known civic and business leaders.

The first of a series of regular meetings of the committee will be held within the next few weeks, and committees to handle the various phases of the program of development will be announced. The committee has issued a call to all interested citizens to join in the movement inaugurated by the group.

*

City Manager News.—On April 18 Wheeling, West Va. (61,659), adopted a new charter providing the city manager plan of government and proportional representation for the election of the council. For further information see p. 276.

Syracuse, New York (209,326), will vote on May 27 on the adoption of "Plan C"—the optional form of city manager government

provided by state law. The movement is sponsored by the Citizens League.

Trenton, N. J. (123,356), which adopted the city manager plan on March 19, elected its first city council under the new charter on April 16. The Good Government League, which sponsored the plan, elected six of the nine members of the council. The newly elected body will take office on May 14.

In Toledo, Ohio (290,718), where a new charter providing for the manager plan with proportional representation for the election of the council was adopted last November, a petition has been filed calling for an election to do away with the new government. The election has been set for May 27. Since the manager charter does not go into effect until January 1, 1936—the election of the council by proportional representation being set for next November—Toledo has not yet had opportunity to try its new form of government before it must once again register its vote on the matter.

Kenosha, Wisconsin (50,262), on April 1 voted for the sixth time on a proposal to abandon its manager government. As in all previous elections the voters registered their approval of the city's manager charter—this time by a majority of 2,109.

Troy, Vermont (1,898), at its annual meeting on March 5, adopted the manager plan under the state's enabling act.

The Kansas legislature has recently passed an act permitting mayor-council cities of the second and third classes to provide, by ordinance, after referendum, for the appointment of a city manager.

*

Summer Course in Modern Housing.—New York University has organized two courses in modern housing, under the School of Architecture and Allied Arts, to be given from June 24 to August 6 under the direction

of Dr. Carol Aronovici. They are for persons interested in housing from the technical, social or business points of view. One course consists of lectures by an imposing list of housing experts, with classroom discussion; the other is in planning and design.

*

Citizens' Council Active in Saratoga Springs.—The Citizens' Council at Saratoga Springs, New York, is studying the advisability of changing the city charter to obtain concentration of authority in a central body and fix responsibility on the chief executive officer. At the April meeting of the council, the chairman of its charter committee presented seven alternative plans for city government and outlined the preliminary steps necessary for changing the charter if it were desired. The council delegates were instructed to present the plans to their respective organizations for discussion and bring back to the council reports of their reaction to charter change. The council voted to send a delegation to ascertain the reaction of the city council on a referendum vote to change the city charter.

A plan of the Women's Civic League, one of the organizations represented on the council, to start a public library with self-perpetuating board was endorsed by the council. The council's library committee will be enlarged to work on this project.

The council authorized an invitation to be sent to the commissioner of public safety inviting him to speak at its next meeting on matters of his office and particularly on improvements in the city charter. The council expressed its appreciation to the city council for the appointment of a city forester, feeling this an important step in the preservation of the community's trees.

First Birthday of the Belmont Citizens' Council.—The Citizens' Association for Good Government of Belmont, California, a residential suburb of San Francisco, recently concluded its first year of activity, in which time it has become a forceful influence in the community.

A committee on lighting conducted a field survey of the lighting district and submitted a plan providing for the elimination of unnecessary and excessive illumination and the establishment of new lights where most needed. This resulted in an estimated saving of 20 per cent of the town's lighting cost.

The council's roads and highway committee influenced the state senator and assemblymen from the district to shorten the time for widening the main highway through Belmont by about six months.

In the fall of 1933 a bond issue had been voted by the citizens to provide funds for reconstructing an antiquated water distributing system. Last fall, a year later, the bonds had not yet been sold, the water board asserting that there was no market for them. The citizens' council urged action and offered its coöperation. The water bonds were sold and the proceeds, along with a federal grant, enabled work to be begun at once.

The council is making a study of taxation and also is studying the auditing of city expenditures.

Forty Civic Groups In East Cleveland Council.—Forty organizations are now represented in the new citizens' council in East Cleveland, Ohio. Each has two delegates on the council and in addition there are members at large selected by the group, not to exceed 25 per cent of the membership from organizations.

The Community Council has announced its purpose as follows: "To provide ways and means for the coöperation of the various groups in matters of civic enterprise; to coöordinate the programs of various activities so as to remove overlapping services as much as possible; to stimulate interest in matters otherwise neglected or overlooked; to make possible for our citizens a more thorough understanding of the conditions and needs of the city; to promote plans for welfare which properly fall within our scope; to develop a spirit among the citizens that will make possible improvements in the general conditions in living in East Cleveland."

News of Other Councils.—The Citizens' League of Oklahoma City is preparing an intensive educational campaign over local radio stations and before civic groups.

A citizens' council has been formed in Salinas, California.

Troy, New York, is completing the organization of a citizens' council. The Chamber of Commerce in this city took the initiative in interesting the other civic groups in the council.

G. B. SEYBOLD

Public Service Training and Governmental Planning in Kentucky.—The University of Kentucky, beginning with the school year 1934-35, has established a public service curriculum looking toward the training of students for the public service. The regular college curriculum provides training in the following fields: consular and diplomatic service, financial administration, public management, public recording, public welfare administration, public works administration and public safety administration. The courses lead to the degree of bachelor of arts with a major in public service.

During the freshman and sophomore years the student must meet his lower division requirements for graduation and then spend his last two years specializing in the field he selects.

In addition to the regular college curriculum in public service the university is attempting to hold short courses or institutes for various groups of public officials and employees in the state and the plan provides for a short course lasting some three days to a week or more during which time various groups of officials or employees come to the university and study their particular problems. During the summer of 1934 an institute was held for social workers representing both public and private agencies, at which time approximately ninety workers studied at the university for one week. This institute was held with the coöperation of the American Red Cross. Recently a three-day school was conducted for city firemen at the university at which time almost two hundred were in attendance. This training school was held with the coöperation of the Kentucky Firemen's Association, the Kentucky Municipal League, and the University of Kentucky.

The institute plan has been attempted as a training for public employees and the university expects to offer this type of service to various groups of officials from time to time. Dr. J. W. Manning is the chairman of the university's committee on public service courses.

The Bureau of Government Research at the University of Kentucky has undertaken a study of governmental units for the state planning board of Kentucky. This survey will include all agencies of the state and the local units and is expected to continue for

some seven or eight months. It will be under the supervision of Dr. Manning, who is the director of the bureau.

*

Michigan Legislative Council Reports.—With its fate in the balance, faced with forthright gubernatorial opposition and with the threat of legal abolition, the Michigan Legislative Council presented its first report early in January. Within the few pages of this document are compressed the evidences of endeavor on the part of a body from which much was expected when first created.

Throughout its tenure of office, the 1933-34 legislative council proceeded first to decide what were the most urgent and immediate problems confronting the Michigan government; then to parcel out those problems for study by the appropriate sub-committee; and finally to amalgamate and condense the findings of such sub-committees into recommendations of proposed solutions.

The legislative council was able to prepare programs for two extraordinary sessions of the legislature. Thus the emergency aspects of the milieu of Michigan politics deeply influenced the work of the council. Under such circumstances, the full council sat for thirty-two days, and the nine sub-committees for periods varying from thirty to eighty-five days. Sub-committees were appointed on the following matters: highway finances, small loans, schools, general taxation, liquor control, banking, elections, old-age pensions, and the administration of justice.

For the special session of November 1933, the council prepared, drafted, and secured the enactment of six measures covering legislation made necessary as the result of the banking collapse earlier in the year. The state liquor control act, signaling the inception of repeal, was likewise the work of the legislative council, as was also legislation providing revenues to tide the schools of the state over a threatened closing.

The extra session of the winter of 1934 again witnessed the presentation and acceptance of much of the work of the legislative council. Apparently the council was preparing and projecting a program of action for the regular 1935 session, for early in December 1934 a re-organization occurred, stripping the council of lame-duck members. Four sub-committees were constituted to deal with the

problems of liquor control, education, banking, and taxation. However, on December 10, Governor Comstock called a special session, the third for this 1933-34 legislature, and as the original act creating the council provides that it shall function only in the interval between sessions, the council took the position that it could no longer function as a program-preparing agency.

Unless the council be made a permanently functioning body with adequate staff, the judgment of Governor Fitzgerald, pronounced in his inaugural message to the legislature of 1935, applies: "The legislative council, while possibly correct in theory, has failed to fulfil its purpose, and should therefore be abolished."

CHARLES W. SHULL

Wayne University

Asbury Park Council Recalled.—The stormy recent history of Asbury Park, New Jersey, which, despite over a year of council-manager government, is under control of the state municipal finance commission, has been further complicated by the recall of the council. The latter had recently removed the then manager from office, on charges of inefficiency, countered by assertions that the dismissal of certain police officials was the actual cause of the ouster. While the vote removing the manager was only three to two, the two favoring him, as well as two of those opposed, were recalled at a special election on April 9, when four new council members were chosen, including former Mayor Hetrick who had held office from 1915 to 1933. The new administration proceeded to drop sixty city employees as a drastic economy move.

California Legislature Approves Charter Amendments.—The legislature of the state of California has approved almost all of the amendments to home rule charters of cities and counties, hitherto adopted by the respective local units. These included the following:

The Pasadena amendments, adopted November 6, 1934, reorganize the police and fire departments under the city manager and rewrite the city's retirement provisions setting up a retirement board to succeed the fire and police pension board. Alameda charter amendments set a maximum salary for the city

manager of \$5,000 and provide for his removal by a majority vote of the council. New articles create a board of police and fire commissioners and a department of public utilities. The San Diego amendment, adopted in December 1933, provides that the election of a city manager requires the affirmative vote of five of the seven members of the city council and the same number for removal. The San Diego county charter amendments, adopted in 1933, provide in detail for a civil service. The approved new section to the Los Angeles county charter empowers the county to discharge any municipal functions of cities and towns in the county when authorized by general law or their charters. The Redondo city charter, adopted in September 1934, provides for a mayor and a council of five elected by wards.

VICTORIA SCHUCK

Stanford University

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

North Carolina—Legislation Passed and Proposed.—The North Carolina General Assembly, still in session, has enacted to date very little legislation in the interest of improved county government. In fact, about the only constructive act in this field enacted so far is a law allowing cities and counties (that is, about half of them) to contract with hospitals for hospitalization of indigent sick, the amount to be paid by one unit not to exceed \$10,000 per year. It has voted down, at least for the time being, bills which would have reduced the number of justices of the peace, would have allowed county commissioners to abolish or consolidate county offices and to appoint tax collectors, and would have fixed minimum salaries for sheriffs, judges of recorders' courts, and assistant clerks of the superior court. It has not yet made up its collective mind in respect to bills: (1) authorizing the counties to purchase equipment for use in soil erosion work; (2) requiring the state to furnish financial aid to cities for street maintenance and to counties to pay road bonds; (3) exempting from the gasoline tax gasoline purchased by counties, cities, and towns; (4) allowing counties, cities, and towns to com-

promise unpaid taxes for 1932 and prior years; and (5) establishing a civil service system for teachers. All efforts to abolish or modify the absentee ballot law have failed and all interest in county consolidation subsided before any bills were drawn.

Certain laws of state-wide significance enacted to date are those substituting lethal gas for electrocution for those convicted of capital crimes, increasing the state highway patrol and inaugurating a police radio system, adopting a driver's license, and reducing the cost of automobile tags.

PAUL W. WAGER

University of North Carolina

*

Optional County Manager Bill Passes New York Legislature.—In the closing hours of the 1935 session of the New York legislature there slipped through both houses with little notice and with no votes in opposition a bill which may prove of great importance to the counties of the state outside New York City. In optional form it supplies the long-felt need of a county executive. It makes available either a county president elected for a four-year term by the voters of the county or a county manager appointed for a four-year term by the county board of supervisors.

Either of the two plans can be put on the ballot by resolution of the board of supervisors or by a 10 per cent petition. With either plan go numerous specific improvements in budget procedure, county organization, and a very limited control over towns and other local units except cities and villages.

The bill is so drafted that it is applicable whether the county home rule amendment carries this fall or not. It was prepared with the help of the National Municipal League by the State Commission on the Revision of the Tax Laws of which former Senator Seabury C. Mastick is chairman and was presented with the other bills of the commission by Senator Buckley and Assemblyman Falk, the chairmen of the two committees on taxation. At this writing it is still before the governor awaiting his action.

A less comprehensive bill introduced by Assemblyman Corbett of Rochester, allowing an elective or appointive county executive to be set up by the county board of supervisors with or without an advisory referendum on the question, is also before the governor.

A more comprehensive bill by Senator Desmond of Orange County, which could have been much more useful than the similar Buckley bill because it permitted changes in the obsolete method of selecting county supervisors, passed the Senate with opposition and was held in rules committee in the Assembly. This bill, which will probably be presented next year as an amendment to the Buckley bill if the latter is signed, is described on page 278.

GEORGE H. HALLETT, JR.

Citizens Union of the City of New York

*

Colorado—Committee on County Government.—An interim committee on county government in Colorado has recommended four things to the legislature: (1) A constitutional amendment to provide for consolidation of counties and providing for optional forms of county government and zoning; (2) A law providing for receivership for insolvent counties; (3) Transfer of all county welfare work to a central state department to be financed from sources other than property taxes; (4) Transfer of maintenance and building of all county roads to the state highway department and prohibiting counties from raising funds for road purposes from the property tax.

Action of the legislature was as follows:

A simple amendment to the constitution "to provide for counties and county officers," was defeated in the house of representatives.

Twenty-six bills on county consolidation were introduced. These bills precipitated a hot fight on the floor of the house but failed to pass.

Bills to transfer the functions of public welfare and highways to the state failed to get out of committees. There was little opposition to the transfer of welfare work to the state but a tremendous roar went up when it was suggested that county roads be transferred to the state highway department.

A sales tax calling for a 2 per cent levy on retail stores for relief purposes was passed. A later measure set aside \$240,000 a year from the sales tax for mothers' compensation and \$1,200,000 annually for old-age pensions. This represents a transfer of two former county functions to the state to be financed out of state collected and administered taxes.

The budget act was tightened up to force

counties and municipalities to file their budgets with state officials.

Other minor laws deal with reclassification of counties, recall of county officials, sale of tax certificates, and authorization of recreation and playground systems.

G. S. KLEMMEDSON

Colorado State Agricultural College

*

California—Los Angeles County.—From the Los Angeles, Calif., *Times* for April 16 we learn that Mayor Shaw of that city has laid a "proposal for active work on the consolidation of local governmental agencies and functions" before the city council, which referred it to its legislative committee.

Five separate plans of consolidation were presented, as follows:

"To leave the county organization as at present, but to consolidate functions of city and county.

"To consolidate the entire area of the county and its cities into one combined unit, similar to the combined city and county of San Francisco.

"To relieve property in the city from taxation for county functions, but levy a special city tax to pay for any services rendered by another governmental agency on the basis of mutual contracts.

"To separate the present city from the county and form a new combined city and county.

"To abolish the county governments and divide the state into administrative regions, with the state rendering governmental services within unincorporated areas, and also within cities on payment of these costs."

*

Texas—County Revenue Sources Threatened.—A proposed constitutional amendment, House Joint Resolution 5, which is now under consideration by a senate sub-committee, would exempt from taxation by all units of government \$3,000 in homestead property. Acceptance of this proposal would mean a reduction, almost by half, of the taxable property of Texas counties. The largest source of revenue in Texas for the local units of government is the general property tax, 1932 figures showing that the counties and cities receive

about 93 per cent of their income from this source. In the poorer areas, the decrease resulting from this exemption would probably amount to more than 50 per cent.

Senate Joint Resolution 22 is a proposed amendment which would limit the amount of taxes which might be assessed on an ad valorem basis against all property for all purposes in any one year to $1\frac{1}{4}$ per cent of the assessed valuation. Again we face the problem, where will the counties get money for the operation of governmental services if a strict limitation is placed upon the largest source of revenue left to them? Such a provision placed in the constitution would form too rigid a restriction, and might prove a serious stumbling block to the performance of governmental services.

In both cases the legislature proposes to reduce drastically the revenue sources of the units of local government, but does not suggest alternative sources of funds. It would seem well to make provision for tapping new sources before dispensing with those operating at present.

ROSCOE C. MARTIN

The University of Texas

*

Wisconsin—Legislature Considers County Consolidation.—Drawn and sponsored by the State League of Women Voters under the leadership of Mrs. F. A. Ogg, the Daugs Bill providing a method for optional consolidation of counties has passed the state assembly by an almost unanimous vote. The bill provides that any two or more adjoining counties may consolidate by popular referendum on the basis of plans prepared by the county boards of supervisors. In case (a probable one) that the boards of supervisors take no steps initiating this action, not less than 20 per cent of the qualified electors in each county may require the board to take action. If, however, the board is unable to perfect a consolidation plan within six months, the judge of the circuit court of the county concerned may appoint a consolidation committee of five representative citizens who shall prepare the plan. The consolidation plan can be carried into effect if a majority of the votes cast in each county favor the plan. If less than a majority of the votes cast in any county are in favor of the plan, it fails. If a majority of the votes

cast in any county are opposed to the plan, the question of consolidation cannot be submitted again in that county for a period of two years. Debts, liabilities, and duties of the original counties are to be transferred to the new unit unless the plan states otherwise.

The passage of this bill, now in senate committee, would be a step forward in this state, where hitherto special acts have been necessary to permit county consolidation. Very likely action under it would be extremely slow, although it is rumored that Buffalo and Pepin Counties will attempt such a step if the bill becomes law.

Would Strengthen County School Board.

—The League of Women Voters is likewise sponsoring in the legislature a bill which would create a county board of education of five members to be popularly elected. This board would appoint the county superintendent, the supervising teachers, and other staff members, make surveys as the basis of rezoning school districts and indicating locations for schools, and supply state and county officials with reports. State aid not to exceed three thousand dollars annually would be accorded each county board. While a step towards county centralization, this bill does not, in its present form, impair the powers of school districts to any great degree.

LEE S. GREENE

University of Wisconsin

*

Virginia—County Officers Organize.

—On March 15 the Association of Virginia County Supervisors held their first annual meeting in Roanoke. The supervisors adopted the slogan "Home Rule" and appointed a legislative committee to look after their interest in the general assembly. They listened to an address by the state superintendent of public welfare who told them that the state departments did not seek to superimpose their authority and plans upon the localities, but rather to develop and assist with those originating with the counties. Mr. W. B. Smith, editor of the *Roanoke News*, lectured to the supervisors on the terrible mess of county government. He described it as headless, without sufficient authority vested anywhere, and too inflexible. The slogan "Home Rule" stirred more enthusiasm than the speech on the counties' shortcomings. The writer suspects that the supervisors resent the

loss of the roads which, as readers of the *NATIONAL MUNICIPAL REVIEW* know, were taken over by the state in 1932.

On January 26, the Virginia trial justices, police and civil justices, and judges of the juvenile and domestic relations courts organized into a permanent association. They elected a president, vice-president, a secretary-treasurer, and adopted a constitution and by-laws. Their immediate aim, as reported, is to clarify the fee sections of the Virginia Code. The highlight address was by Judge Cochran of the Norfolk juvenile and domestic relations court who visualizes courts "more responsive to the modern spirit of social justice".

JAMES E. PATE

College of William and Mary

*

Pennsylvania—Philadelphia City and County Government.

—In Philadelphia between 1,500 and 2,000 county and court employees paid out of the city treasury are not subject to payroll control of city council, the tax-levying and appropriating body of the county. Payroll control is decentralized by laws giving numerous officers and agencies other than city council the right to fix the number and salaries of their subordinates, sometimes within limits, sometimes without limits. Recent years have seen the introduction of many bills for centralizing the control in city council, but the bills have never made any headway. This year a series of five bills introduced by Representative Joseph D. Burke have passed the (Democratic) house and are now in the (Republican) senate. A sixth bill, covering somewhat different and less extensive ground has passed the senate and is now in the house. If a bill is finally passed covering at least the ground common to the senate and house bills, Philadelphia's financial structure will have been greatly simplified.

Meanwhile a proposed constitutional amendment to consolidate city and county into a single municipal corporation with officers who may be elected or appointed, in the discretion of the legislature, has passed the senate and is now in the house. Measures of this sort have also been introduced in previous sessions but have died without moving.

CLARENCE O. SHENTON

Philadelphia Bureau of
Municipal Research

.....

TAXATION AND GOVERNMENT

.....

Edited by Wade S. Smith

.....

Municipal Debt Adjustment Act Threatened.—Attempt to amend the Sumners-Wilcox act by introduction in Congress of a bill, H. R. 6982, which would destroy the basic principle of the law, has just been reported by *The Bond Buyer*.

The Sumners-Wilcox Municipal Debt Adjustment Act was passed a year ago to make possible the operation of municipal debt adjustment plans despite the dissent of a small minority of creditors. As was predicted by those who sponsored the bill, few municipalities have availed themselves of the federal bankruptcy courts. The new law has, however, had the effect it was intended to have; it has served as a threat to recalcitrant minority creditor groups which had been blocking adjustments.

Of the newly proposed amendment, *The Bond Buyer* says: "The real purpose of this bill is to make it possible for a municipality to secure a federal court confirmation of a plan of debt rearrangement, reduction or other settlement *without the consent of a single creditor* where a loan to such municipality has been authorized by an agency of the United States Government.

"The federal government is already making loans to drainage, levee, irrigation, and reclamation districts for the purpose of reducing and refinancing their indebtedness. If this bill is passed, the next step might be to provide for similar loans to cities and towns to enable them to scale their indebtedness without the consent of creditors." A proposal that federal loans be made through the RFC at 3 per cent and the money used to recall outstanding state and municipal bonds has already been made in Congress.

According to *The Bond Buyer*, great progress has been made in working out the debt problems of hundreds of municipalities which were forced into default or would have defaulted if their debts had not been rearranged. Even in Florida, where the adoption of the homestead exemption amendment has complicated readjustments, the two worst default situations, Miami and St. Petersburg, have moved steadily toward a complete settlement.

Second Interstate Assembly Acts on Taxes.—Meeting in Washington in the early days of March, the Second Interstate Assembly tackled the problem of simplification of federal and state taxation. The assembly was jointly sponsored by the American Legislators' Association and the Council of State Governments.

Important among the resolutions adopted by the representatives from more than forty states was that suggesting amending the federal income tax law in such a way as to in effect allow the man paying a state income tax to credit the amount on his federal return. The resolution asked amendment of the federal income tax law in one of four ways: by including a "dividend income in the federal tax base as completely as other income"; by "amending the federal and state constitutions to permit the taxation of income from tax-exempt securities and salaries of officials and employees of the federal state, and local governments"; by reducing personal exemptions, "including elimination of the earned income credit"; and by allowing personal exemptions and credits for dependents "in terms of tax".

Other resolutions favored withdrawal of the federal government from the gasoline tax field; application of state gasoline tax revenues, except those needed to match federal-aid funds, to uses other than highway construction; restriction of tobacco taxation by the federal government; no imposition of heavy taxes on beer unless needed for regulatory purposes; exclusive use of electric energy taxes by the states; and imposition of a general emergency sales tax upon a national basis, allocating a substantial portion of the revenue therefrom, upon an equitable basis, to the states.

The assembly proposed the establishment of a tax revision council, to be composed of representatives from federal, state, and local governments, representing administrative and legislative branches, to further study the problem of conflicting taxation.

The assembly also by resolution favored enabling legislation by the Congress to permit "compacts negotiated between two or more states affecting interstate tax conflicts and not affecting the fiscal interest of the federal government". It also favored publication by the states of complete statistics of state and local

taxation, expenditures, and debt, as well as a study of the distribution of the tax burden, and the development of simplified and uniform taxation, legislation, and administration.

New Body of Tax Officials.—Formation of a new organization of tax assessing officials and other tax officers of the Great Lakes region has been announced from Chicago. The group will be known as the North Central States' Tax Officials Conference. Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Ohio, and Wisconsin are represented in the conference, which is headed by Melville B. McPherson, chairman of the Michigan State Tax Commission.

The conference plans, among other objectives, the formulation of definite and coöperative policies of assessment procedure for properties located in more than one state, the development of uniform methods of taxation of public utilities, boats, pipe lines and other taxable properties common to all states in the region, and the determination of the kind and extent of supervision which the state tax commissions should exercise over local tax assessors.

A meeting of the group is planned after the adjournment of the various state legislatures. The new conference will work in close coöperation with the National Association of Tax Assessing Officers.

Fund for Westchester County, N. Y., Tax Liens.—A \$500,000 fund for payment of back taxes has been placed at the disposal of three mortgage certificate trustees by the United States Trust Company of New York in order to forestall foreclosure proceedings and restore to normal interest charges on tax liens in Westchester County, N. Y.

Tax liens earn interest at 12 per cent, thus penalizing the certificate holders' property. Borrowing from the fund will restore the interest charges to normal.

New Delinquent Tax Laws for Michigan.—Two bills of a series designed to solve the problem of delinquent taxes have already been introduced into the Michigan legislature.

One bill provides for the cancellation of the delinquent taxes of 1933 and prior years if the 1934, 1935 and 1936 taxes are paid when due. Sale of property delinquent in 1930 would be deferred on payment of 1934 taxes, of 1931 on

payment of 1935 taxes, etc., the delinquent taxes being canceled upon final payment of the 1936 taxes. The bill would not affect the city taxes of Detroit, Grand Rapids, Kalamazoo, Battle Creek, and several other cities that do not return the city tax to the auditor-general for collection.

Minnesota Advised to Drop "Tax Bargain" Policies.—In decided contrast to the retrogressive policy mentioned immediately above, the Governor's Committee on Tax Delinquency in Minnesota has taken a positive stand to remove the basic causes for much of the prevailing non-payment of property taxes. Specific recommendations of the committee include:

1. Enact no more discount or so-called "tax bargain sale" laws.
2. Discontinue the suspending or postponing of tax sales.
3. Adopt and enforce uniform rates of interest on all delinquent taxes.
4. Establish a plan of discount to encourage early payment of taxes.
5. Permit installment payment of delinquent taxes.
6. Provide for absolute forfeiture of tax delinquent lands to the state in five years with a mandatory sixty-day notice to be given thereafter.
7. Require appeals from assessments and the assessment thereof to be made prior to the levy of the tax in so far as possible.
8. Clearly define the term "homestead" as a classification for valuation purposes.
9. Enact restrictive legislation limiting the method of imposing special assessments and limiting the amounts thereof.
10. Appointment of a special interim commission with authority and facilities to study and revise the tax code of the state.

The committee was composed of thirteen business men, tax experts, and state and municipal officials.

Harrison, N. Y., Foregoes Capital Expenditures for Decade.—By recent adoption of a resolution the council of the town of Harrison, N. Y., formally agreed that the town will make no capital expenditures for the next ten years without consulting the Citizens' Advisory Committee. The resolution, which was

presented to Carl H. Pforzheimer, chairman of the committee, reads:

"Resolved, that it is the consensus of opinion of the members of this board that no bonds shall be issued by the town of Harrison, either for general town purposes or for special districts or areas, for a period of ten years for any purpose whatsoever, except in the case of an emergency; that in the event of a need for any capital improvement such as utility building, town house, highways, sewers or other purposes, the proposed project will be submitted to the Citizens' Advisory Committee and if so approved by it, it will be with the understanding that the necessary funds will be included in the subsequent tax levy or levies until the amount required for the improvement is thus accumulated."

The Citizens' Advisory Committee has been instrumental in readjusting the fiscal affairs of Westchester County municipalities since the tax debacle of December 1933, when virtually all of the local governments in the county were in danger of having their current taxes impounded by the county because of arrears in their payments of taxes collected for it.

*

Local Government Finance Board Proposed for New York.—Proposal for a special local government finance board, recommended by the New York State Commission for the Revision of the Tax Laws, has been introduced into the New York State legislature by Senator Buckley. It is reported to be favored by the State Tax Commission and the Department of Audit and Control, and to have a fair chance of passage.

*

Chattanooga Remits Penalties for Thirty Days.—An ordinance has been introduced in the city council of Chattanooga, Tenn., removing interest and penalty on delinquent taxes paid within thirty days of March 27. Also delinquent assessments may be paid in the same period with interest but without penalty. After the thirty-day period delinquent taxes may be paid in another thirty days by paying interest. At the expiration of the sixty-day period, both penalty and interest will be added, under the provisions of the ordinance.

*

Arkansas Tax Moratorium Law Declared Invalid.—In a decision of April 1, the United

States Supreme Court declared the Arkansas 1933 tax moratorium unconstitutional. This act substantially reduced charges, and its general effect was to allow owners to remain in charge of tax delinquent property and redeem it at the tax sale price two years after the sale was held.

The decision is also held by competent attorneys to invalidate three other moratorium acts passed later in 1933, even more favorable in their terms than the act specifically condemned.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

Wheeling Adopts P.R. and Manager.—

On April 18, Wheeling, West Virginia, adopted a "Cincinnati plan" charter by 8,789 votes to 7,339.

The first council will be elected by proportional representation on June 4 of this year and take office July 1, at which time the first city manager since Wheeling abandoned an inferior manager plan arrangement in 1929 will be appointed. The 1939 dates mentioned in this department last month are the first dates mentioned in the new charter but they are actually the dates of the second election and the beginning of the second term, the initial dates having been set in the enabling act of the West Virginia legislature.

Credit for the victory goes to a group of energetic young men—and later women—who were inspired last summer by reading Charles Taft's book "City Management: The Cincinnati Experiment" and organized the Wheeling Association to do for their city what the Cincinnati Association and the City Charter Committee had done for Cincinnati. Systematically they went about the organization of committees, the drafting of a charter on the Cincinnati model, the raising of funds, steering a permissive bill through the legislature, and the speaking, writing, research, advertising, and office and personal work of a very thorough campaign for adoption. Older people were brought in only to the extent of giving the movement their advice, public blessing, and financial support. And though Cincinnati leaders and the National Municipal League were called on for extensive material and advice, out-of-town talent was used publicly

only to the extent of one address by Henry Bentley, chairman of the Cincinnati City Charter Committee, and one by the mayor of Cincinnati, Russell Wilson.

Precinct organizations were set up in every one of the twelve wards. Speakers were trained and over 150 meeting and radio addresses delivered in the six weeks between the passage of the bill and the charter's adoption. Headquarters were opened in charge of A. Bates Butler, Jr., as Executive Secretary. And leadership of a most effective kind was supplied by such young attorneys as Julian G. Hearne, Jr., chairman of the Wheeling Association, who drafted the enabling bill and the charter, and Hugo F. Blumenberg, who engaged the chief opponent of the charter, former city solicitor Frank A. O'Brien, in a public debate before nearly three thousand persons which proved the high-water mark of the campaign. As if made to order this debate was followed by indictments of two county officials for racketeering activities and the disclosure of defalcations by a former city clerk. The charter was swept in on a wave of feeling that any change would be for the better.

Professional politicians underrated the new movement until it was too late. In the closing days the opposition became very active and was obviously well financed, but it never rivaled the organization of the charter proponents.

Two of the three daily newspapers, the *Wheeling Intelligencer* and the *Wheeling Daily News*, gave the charter movement active editorial support. The *News* greeted the victory with an editorial in which it said: "Wheeling struck a telling blow for good government yesterday when it ratified the Cincinnati charter plan. . . . Since the Wheeling Association has made such a good start, it should carry on with the same courage and vigor that characterized its campaign. It should become a permanent organization, concentrate on the best citizens available to nominate for council, and drive them through to victory."

The *Wheeling Register* was skeptical during the campaign but accepted the result with a front-page editorial on the same note: "Let us place real and reliable men such as those who have been in the background of this movement in the high elective office of councilmen. They will not be influenced by petty

politics but will observe and fulfil the obligations of their office."

*

P.R. Proposals Multiply in Pennsylvania.

—On April 9 more than one hundred prominent citizens of Pittsburgh journeyed to Harrisburg to support Senator Frank J. Harris's optional P.R.-city manager bill for Pittsburgh at a public hearing. Forty-three different organizations were put on record for the proposal. Spokesmen for the Civic Club, the League of Women Voters, the Congress of Women's Clubs, the Building Owners and Managers Association, the Northside Chamber of Commerce and the special committee sponsoring the bill stressed the argument of home rule as well as the benefits expected if the plan is adopted by the voters this fall. Edward O. Tabor, A. Leo Weil, Dr. M. K. McKay, Mrs. John O. Miller, and Senator Harris himself delivered the principal addresses. No one appeared in opposition and the questions of legislators were all in friendly tone.

Progress on this and the permissive bills for other municipalities listed in our last issue has been delayed by a prolonged deadlock on questions of taxation. The Andrews optional city manager bill for third-class cities, however, has at this writing advanced to third reading in the house of representatives.

Meanwhile proportional representation is receiving serious consideration for several other important purposes. Amendments to the Woodward and Ruth bills for the expected constitutional convention which would provide for the election of the delegates by P.R. are being considered in committee. Both bills already provide for inferior forms of minority representation.

In connection with the proposed new constitution the executive committee of the Philadelphia Conference on Government is suggesting to its forty-three cooperating organizations and the public a "state legislative body to consist of one house, members elected by proportional representation," as one of seven "goals of the constitution of 1936".

Two rival commissions working on proposed charters for metropolitan Pittsburgh, the city-county consolidation which has been authorized by constitutional amendment, have had P.R. under consideration. The "People's

Metropolitan Commission", appointed by the Allegheny County Commissioners and consisting of twelve members from Pittsburgh and twelve from the rest of the county with E. Lowry Humes, a prominent attorney, as chairman, has tentatively approved P.R. for the election of the governing city-county commission. George Brady Snyder, a teacher in the Taylor Alderdice High School who has done valiant service to the cause of P.R. for many years, prepared the P.R. provisions on the basis of National Municipal League recommendations and on March 1 conducted a public demonstration election under the auspices of the commission.

The Metropolitan Charter Commission originally appointed by Governor Pinchot in 1923, reappointed by Governor Fisher, and recently revived with some additions as an unofficial body by the Pittsburgh Chamber of Commerce, also considered P.R. It was impressed, however, with doubts as to its constitutionality which seem ill-grounded in view of the wide use and established constitutionality in Pennsylvania of inferior methods of securing minority representation. The Commission has submitted a bill at Harrisburg through Senator George Rankin, Democrat of Wilkensburg, providing for a metropolitan manager under the title of public administrator and a commission elected by six very unequal districts. With regard to P.R. the bill provides:

"It is the legislative intent and the intent of the electors expressed by their approval of this charter when and if the same is hereafter adopted that the benefits of changes and improvements in the laws governing elections made from time to time by virtue of constitutional amendment or revision or otherwise shall be forthwith made available to the electors of the consolidated city; and to this end it is hereby provided that, in the event that a proper system of elections by proportional representation or any other change or modification in the conduct of elections is hereafter provided for by constitutional amendment, revision or otherwise, that the board of commissioners of the consolidated city shall as soon as practicable thereafter submit to the electors of the consolidated city a practicable and equitable plan for the application of said principles to the election of elective officers of the consolidated city, the question to be submitted and voted upon at a general or

special election as may be determined by the board of commissioners."

Recently P.R. has been suggested as a proper method for the election of the Pittsburgh and Philadelphia school boards. These boards are now appointed by the courts, an illogical method but one which has been defended by public-spirited citizens as a means of keeping the schools out of politics, in which they were deeply enmeshed in the days of popular election. Advocates of the change point out that P.R. should accomplish the same result without depriving the citizens and taxpayers of control over their educational system. P.R. has been used for education authority elections throughout Scotland with salutary results since 1918.

Optional P.R. for Counties Passed by New York Senate.—Once again the New York Senate this year passed the optional forms of county government bill sponsored by Senator Thomas C. Desmond, independent Republican, of Newburgh. And once again it was held in rules committee in the assembly at the close of the session as in 1934, though this year both houses were under Democratic control.

The bill was prepared with the assistance of the National Municipal League and might in most respects have served as a model for other states. It made available for counties outside New York City, by petition (or resolution of the board of supervisors) and popular vote, four improved forms of county government including the county manager plan. In connection with each form it made available a small county board of supervisors separate from the town and city supervisors who now constitute the board *ex officio* and a choice of election methods including proportional representation from the county at large. It thus embodied in optional form the National Municipal League's model plan of county government so far as constitutional limitations will permit.

A less comprehensive bill making the county manager plan available without change in the composition of the county board passed both houses and at this writing is still before the governor. See page 271.

P.R. Defeats Hitler in Danzig.—Just as proportional representation delayed the

ascendency of Hitlerism in Germany for two elections by giving full representation in the Reichstag to the divided opposition (and failed to check it a third time only because the late Nationalist Party was so short-sighted as to join the Nazis in abandoning the proportional principle), so P.R. has blocked, at least for the time being, the plans of the Nazis to abolish popular government in Danzig.

To revise the constitution and put their aims into effect the National Socialists had to win two-thirds of the members of the Volkstag. Under a plurality method of election giving all the representation of each district to the largest party they would doubtless have succeeded on the strength of their 60 per cent vote. But under proportional representation this gave them 44 seats out of 72, 4 seats short of two-thirds and only 3 more than the time before.

A dispatch of April 8 from Otto D. Tolischus to the New York *Times* gives the P.R. results of the last two Volkstag elections as follows:

Party	1933		1935	
	Votes	Seats	Votes	Seats
National Socialists	109,029	41	139,043	44
Socialists	37,882	12	38,015	12
Catholic Centrists	31,336	10	31,525	9
German Nationalists	13,596	2*	9,691	3
Communists	14,566	5	7,990	2
Poles	6,743	2	8,310	2
	213,152	72	234,574	72

Even with the high-pressure electioneering of the recent campaign there was a comparatively small turnover in votes and consequently, as in most P.R. elections, there was a comparatively small change in seats. Since Danzig is a typical German city, the result is taken to indicate what might happen in a German election today if opposition parties were allowed to function at all and were given representation in proportion to the votes they cast.

*The under-representation of small parties frequently found in party list system results is usually explained by their failure to poll the quota necessary to elect one member in several different districts.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Governmental Research Association Award.—The annual award made by the Governmental Research Association for the "most noteworthy" piece of research completed by a member of the organization during 1934 went to J. M. Leonard and Lent D. Upson of the Detroit Bureau of Governmental Research for their report, "The Government of the Detroit Metropolitan Area." Second place in the contest in which more than one hundred research bureaus were entered went to the "Survey and Report of the Providence Fire Department" by Robert Goodrich, executive director of the Providence, R. I., Governmental Research Bureau.

Honorable mention was awarded the following reports: "Refuse Collection and Disposal," by Hazen Pratt, staff member of the Rochester, N. Y., Bureau of Municipal Research; "Office of the Clerk of Courts of Hamilton County, Ohio," by R. C. Atkinson for the Cincinnati Bureau of Governmental Research; "Survey of the New Haven, Conn., Police Department," by Paul B. Wilcox, executive director of the New Haven Taxpayers, Inc.; "Registration and Voting in Kansas City," by Walter Matscheck, executive director of the Kansas City Research Institute; and "The Administration of Old Age Pensions in Marion County," by Virgil Sheppard, director of the Bureau of Governmental Research of the Indianapolis Chamber of Commerce.

Judges in the contest this year were Howard P. Jones, secretary of the National Municipal League; Carl H. Pforzheimer, prominent business man and civic leader in New York City; and Edwin A. Cottrell, head of the department of political science of Stanford University.

Hawaii Bureau of Governmental Research.—The past two years have been a period of great activity and accomplishment. At no time since its inception in 1928, has the Bureau been called upon for such a large number and variety of services to the departments and institutions of the territorial and county

governments: during no other period has such a large percentage of its findings and recommendations been accepted and put into effect.

Some of the major reports and investigations during this period were:

A study of the budget of the county of Hawaii, which resulted in a saving of approximately \$100,000;

An analysis of the expenditures of the territory for dependents, hospitals and medical care, corrections, and defectives;

A study of living costs which supported the action of the governor in recommending a 10 per cent salary cut for territorial employees;

A survey of all departments and institutions of the territorial government, made at the request of the governor to determine where operating economies might best be effected;

A study of the Honolulu Police Department made at the request of the police commission, which showed that political domination and inefficiency no longer existed and that every effort was being made to build up a local police force of high calibre and efficiency;

A classification of positions and standardization of salaries which was put into effect on July 1, 1933;

Preparation of the application of the board of prison directors of the territory to PWA for a loan of \$109,000;

Survey of the Maui County government.

During the past twelve months, the Bureau has acted as the fact-finding agency for the Governor's Advisory Committee on Taxation, and by the analyses of some 360,000 tax returns has developed factual data and statistics upon which this advisory committee has based its recommendations for the complete reorganization of the territorial taxation program. At the insistence of Governor J. B. Poindexter, Oscar Goddard, director of the Bureau, has served as a member of this advisory committee on taxation and has taken a prominent part in the development of its proposed program. He is now serving in an advisory capacity to the ways and means committee of the territorial senate which has under consideration the various proposals for tax change as submitted by the governor.

When the CWA program was inaugurated, John H. Kangeter, engineer of the Bureau, was loaned to the relief commission to serve as chief engineer. His services proved to be indispensable and the Bureau has continued to

make his services available to relief authorities.

The Bureau is planning to devote its resources to the following projects during the present year:

1. A reorganization of the territorial tax offices and the establishment of a modern administrative procedure for tax levy and collection;

2. Further study of county government with the view to the establishment of a modern economic and centralized county government in the various counties of the territory;

3. An intensive study of the functions and operations of the various departments and institutions of the territorial government;

4. Classification of positions and standardization of salaries of the various county offices and positions, and the perfection of the classification system already established in the territorial government.

*

Bureau of Governmental Research of New Orleans.—While the citizens and taxpayers of New Orleans have literally been holding their breaths during the past six months in expectancy of perplexing changes in state and local government caused by the political turmoil in Louisiana, the Bureau has quietly proceeded with its work toward the ultimate betterment of government in New Orleans.

Some of its main projects during this period have been studies of the brake tag situation, purchasing procedures, the 1935 budget, the location of a new fire station, and the maintenance of public buildings.

In the fall of 1934 a preliminary study of the budget system was sent to the city officials for review. The study pointed out the deficiencies of the present system and recommended an entire revision of budgetary practices. In December 1934 a committee of the Bureau met with the commission council, and a report containing twenty recommendations showing where the city might save nearly \$350,000 in 1935 was discussed. Many of the recommendations were adopted and a large saving made.

Over a year ago the Bureau suggested that a cheaper type of brake tag be used with a saving of approximately \$15,000 a year to the city. In January 1935 the commission council approved the selection of a small windshield glazed sticker to replace the old glass and metal buttons, which will save about \$7,000 annually.

With eighteen various governmental purchasing agents in New Orleans, a variety of

prices are paid for the same article. This was proven by a survey made by the Bureau on a few selected articles bought by seven of the purchasing agents. A plan of coöperative or joint purchasing has been suggested, and city officials are taking this under consideration, as it has been shown that many dollars can be saved.

The Bureau has investigated and brought together opinions of authorities on fire problems in connection with the establishment of a new fire station at a doubtful location. Expert advice may prove successful in relocating the proposed station.

A survey of the maintenance of buildings shows a decentralized method of taking care of city properties. Work and plans are now under way for the betterment of this condition.

HAROLD A. STONE, *Director*

*

Detroit Bureau of Governmental Research.—The Bureau has been actively co-operating with the newly formed Social Science Research Council of Wayne University (formerly Colleges of the City of Detroit) in guiding advanced students in the study of practical problems in government.

The first of these studies was a statistical analysis of the current and delinquent tax rolls by Sidney Tickton. It discovered that the delinquent tax roll was but a cross section of the current tax roll. In other words, each type of property, arranged according to the amount of taxes paid, was responsible in the same degree for the delinquency. This study also indicated that the small property owner, paying taxes of \$50 or less, represented about 50 per cent of the number of parcels of property assessed but paid only about 6 per cent of the total tax levy. This practically refuted the oft-repeated statement that the widows and orphans were responsible for the tax delinquent and therefore nothing should be done to force the payment of taxes. The study was rather popular and is to be revised and reprinted in the near future.

The second study was on the English system for the taxation of real property based on an income or rental value. This study was chiefly the work of Miss Rosina Mohaupt, now a member of the Detroit Bureau of Governmental Research, who was assisted by Alger Lentz. It was an expository statement of the English system taken from the various technical texts,

and in general was devoted to the translation of English assessing terms into understandable American phraseology. The study was most opportune as it preceded a constitutional amendment offered in Michigan in November 1934, which was designed to make the income method of assessment legal. The voters were asked to make a decision when no information was available on the relative merits of the plan. However, this study indicated that the income method of assessing, while correcting some of the difficulties of the present practices in this country, had other shortcomings of considerable importance. For instance, as vacant property deriving no income was exempt there was little incentive to develop this property, and English writers blame the assessing practice for the slum areas and the housing projects subsidized by the government. Also, it was thought responsible for the very narrow urban lots in England. The English system, to a person acquainted with our methods, appears complicated. The one factor in particular which appears to have been overlooked by the proponents was that in a large number of cases it was not the actual income which was measured, but the income which the assessing officer believed should be realized. However, this system of assessing undoubtedly is as "scientific" as our practice in this country. This study proved extremely popular and it is being revised and reprinted. The amendment was defeated.

The third study in the series has just recently been released. It is a study of the tax delinquency in one of the twenty-two wards into which Detroit is divided. An analysis of this study will be found on page 231 of the NATIONAL MUNICIPAL REVIEW for April.

A tax receivership law, modeled after the "Skarda" act developed in Chicago, appears to be the only solution to the problem of the growing tax delinquency of apartment houses which this study brought out. It is thought that this method of tax collection does less damage to property rights than the usual methods adopted to force tax payment, in that an owner loses control of his property only temporarily, not permanently as through a tax sale. At the present time, there is a bill in the legislature known as the Nagel bill which closely follows the principle of the Skarda act, although it has been modified to exempt homesteads and limit the amount

charged for administration. The Bureau's study has been used liberally in public discussion of the bill.

J. M. LEONARD, *Acting Director*

*

Liquor Study Committee.—This Committee, headed by Raymond B. Fosdick and Albert L. Scott, is the one which last year brought out the volume "Toward Liquor Control" for which John D. Rockefeller, Jr., wrote the Foreword. "Toward Liquor Control", it will be remembered, was a study of the methods of liquor control of certain foreign countries, made for the purpose of pointing the way to methods of liquor control which would be suitable for application in the United States following repeal of the eighteenth amendment. At present the Committee, with Leonard V. Harrison as director of research, is engaged in making a study of the way repeal has worked in the various commonwealths of the United States during its first year. Conditions in some thirty-seven states have been studied and preparation of the final report has been begun. Publication of a companion volume to "Toward Liquor Control" is expected in the early summer.

*

Bureau of Municipal Research of the Cleveland Chamber of Commerce. — For many years the Cleveland Chamber of Commerce has had a committee on public finance and taxation, which has dealt with the financial problems of the state of Ohio, the city of Cleveland, the board of education, and Cuyahoga County. During these years the secretary of the committee has carried on some research work, but only to a minor extent.

Finally, in 1932, the committee felt the need of further research service, with the result that a Bureau of Municipal Research was organized. The secretary of the committee became also the director of the bureau and three associates were employed—one to devote his time to city affairs, one to county affairs, and one to the board of education.

The committee on public finance and taxation was organized into four subcommittees: one to deal with general legislation and financial problems of interest to all the local governmental subdivisions and the state, one to deal with city, one with county, and one with board of education affairs. This committee

and its subcommittees supervise the work of the Bureau of Municipal Research.

The three primary purposes of the Bureau are: compilation of information on and keeping advised as to the day-by-day financial operations of the city, county, and board of education; establishment of sound financial policies and practices by the city, county, and board of education; and securing of a reduction in the cost of operation of local governmental units.

For the first year the work of the Bureau was largely concerned with obtaining reductions in public expenditures. In this it was somewhat successful. The city and board of education last year spent some 30 per cent less than the peak year and the county about 25 per cent less for general operating purposes. During that time it also dealt with the problem of debt and so far no refunding has been necessary for the city or board of education. The county has found it necessary to refund some bonds.

For the past year the Bureau and the committee have been devoting a great deal of their time to solving the financial problem presented by the reduction of the tax limitation in Ohio from fifteen to ten mills. About one year ago it was recommended that the revenue lost through the reduction in the tax limitation should be replaced by the enactment of a general retail sales tax. The fight for that tax was actively carried on, with the result that such a law was passed by the Ohio general assembly and is now in operation.

At present the Bureau is devoting most of its time to the 1935 budgets of the three local governmental subdivisions. From present indications the operating budgets will be about the same as they were in 1934.

The committee and the Bureau have also had prepared and introduced into the Ohio general assembly three bills. One will permit local governmental subdivisions in Ohio to anticipate a deficiency in operating funds for the next year and to meet that deficiency by refunding bonds maturing in the same year. The refunding would be accomplished, however, by the sale of refunding bonds in the open market, so that the credit of the governmental subdivisions would not be impaired. Another bill permits the payment of real property taxes in ten equal installments in place of semi-annually. That bill also provides that any

taxpayer paying six months in advance would receive a discount of 2 per cent. The third bill transfers the making out of the tax bills from the county treasurer to the county auditor. The primary purpose of it is to promote efficiency.

For the next few months the Bureau and the committee will be actively engaged in working out revisions of Ohio's basic tax laws.

PARKER HILL, *Director*

*

Municipal Research Department of the City of Hartford.—Early in 1934 Mayor Joseph W. Beach of Hartford, Connecticut, succeeded in securing from the city council an appropriation of \$10,000 for the creation of the office of director of research and the institution of a governmental research program to assist in carrying out his campaign pledges of more economical and efficient municipal administration.

Rollin B. Posey, graduate of the Harvard School of Business Administration and staff member of the Cincinnati Bureau of Governmental Research, was selected to fill this position, a small staff of assistants was assembled, and a comprehensive research program was launched.

During the first twelve months of the research department's operations surveys have been completed of the departments of streets, police, welfare, widows' aid, health, fire, and building inspection. Recommendations have been made concerning methods of operation and for changes in city ordinances and in the city charter. Many of these changes would result in economies which can be definitely estimated in terms of dollars and cents, and the possible economies pointed out in this way totaled \$430,000. Savings actually realized or in the process of installation will save approximately \$150,000 a year. Some of these savings are being realized by the introduction of machines for street sweeping, the motorization of the ashes and rubbish collection service, and the installation of a police radio system. No major recommendations have been turned down to date.

Bills designed to make possible the carrying out of some of the recommendations of the department have been introduced into the present session of the general assembly. These bills call for the creation of a department of public safety, a department of public works,

and a department of health, hospitals and welfare; the establishment of a merit system commission; and many minor changes in organization and procedure.

The city council has recently approved the continuance of the research department for another year during which time the survey of all city departments will be completed.

■

Taxpayers Research Association of Fort Wayne.—This organization was formed during 1934, and for more than six months has been issuing a lively *Research Bulletin*, giving "facts and figures" and "the news behind the news". The Association has received much credit for a fifty-cent reduction in the 1935 tax rates ordered by the County Tax Adjustment Board before which the Research Association presented its findings.

A detailed analysis of local government expenditures during the past five years has been made by the director of the Association and a staff of accountants. This involved an examination of more than 400,000 individual vouchers and disbursements. The results of this work would make a volume of approximately 600 pages of closely typewritten schedules and statements. The director of the Association, Angus C. McCoy, served for four years as auditor of Allen County and for four years as comptroller of the city of Fort Wayne.

■

Taxpayers Association of New Mexico.—During the year 1934 the Association engaged in activities similar in character to those of preceding years. It assisted in the preparation of the budgets of local school and municipal authorities and on request prepared the forms and assembled the budget requests of all state agencies for presentation to the state legislature. For its work in connection with the preparation of the state budget the Association was compensated to the extent of \$500.

During 1934, for the first time since the Association's organization in 1915, it was possible to issue its periodical *The New Mexico Tax Bulletin* each month. The year's issues of the *Bulletin* totaled 192 printed pages of statistics, discussions, and information relating to taxes, public revenues, and expenditures.

The Association participated in the drafting of bills presented to and enacted by a special session of the legislature to replace the revenue

lost by the adoption of a constitutional amendment limiting tax rates to 2 per cent except for debt service. These replacement revenues were sales and liquor taxes, the proceeds of which were allocated to the schools.

The special session made provision for the payment of delinquent taxes in installments. With the coöperation of the newspapers the Association conducted an intensive campaign to acquaint taxpayers with this provision and it is believed that this effort was responsible for the collection of a large amount of delinquent levies.

A study of court costs in various counties was undertaken by the Association. About half of the counties have been visited and the necessary data gathered. The study will be completed during the present year.

A survey of the tax rolls in four counties was initiated by the Association and carried forward by a graduate student at the Universi-

ty of New Mexico. This study was important in view of the pending referendum on a constitutional amendment exempting from taxation homesteads up to \$2,500 in value. On the basis of this study it is estimated that this exemption will necessitate additional or replacement revenues in the amount of about \$800,000.

The special session of the legislature directed the governor to appoint a special commission on taxation and economy. The director of the Association served this commission in a research capacity. Its report was presented in January of this year.

Several of the measures enacted by the 1935 session of the legislature have been advocated by the Association for a number of years. One provided for the consolidation of the revenue collecting agencies of the state; another makes the state comptroller and his staff subject to the direction and supervision of the state board of finance.

MEASURING EFFICIENCY IN HIGHWAY ADMINISTRATION

(Continued from Page 264)

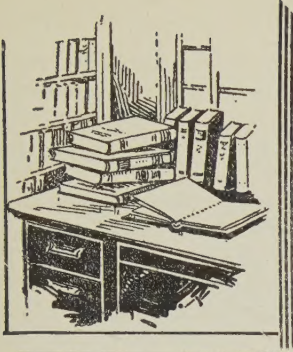
A comparison of the total annual costs, under existing traffic, for an unpaved road and a proposed improvement thereto, indicated immediately which was cheapest. By considering more than one type, it was possible to determine the most economical surface.

The New York State survey in which these principles were applied indicates that the state system and the unimproved townships are the only ones which are clearly not overpaved. Furthermore, a comparison between bituminous macadam and concrete shows that under normal conditions in any unit where 50 per cent or more of the highway costs are met by the car owner, the straight bituminous macadam road never becomes more economical than concrete. The gravel road which has been given a two or three inch bitumin-

ous top, however, presents in New York an excellent intermediate type and its use should be encouraged.

In summary the report recommends: (1) the elimination of the town departments and the taking over of their duties by the counties; (2) a detailed traffic record to be kept by each unit and submitted quarterly together with maintenance cost data, length, width, type, etc., on each road; (3) all highway improvements to be approved by the state department, said approval to be granted only after a detailed economical comparison has been made.

It is to be hoped that these recommendations, if carried out, will result in more economical and efficient administration, a sounder program of planning and development, and through the system of reports, the gathering of the data necessary for a more specific appraisal of any given unit or condition, thus presenting a continuous check on the efficiency of the various offices.



RECENT BOOKS REVIEWED

Design of Residential Areas. By Thomas Adams. Harvard City Planning Studies, Volume VI. Cambridge, Harvard University Press, 1934. 296 pp. \$3.50.

This recent book of the Harvard city planning research series has perhaps a broader interest and application than does any of the other volumes published to date. Mr. Adams has approached the question of civic design with special emphasis upon the treatment of residential areas from a broad background, dealing first with the social and economic implications of urban development and then outlining the technique of better city building through the media of city plan, neighborhood development and subdivision design, land subdivision regulation and zoning. He sets up well considered objectives and outlines practicable methods for their accomplishment. Naturally, not all of his material is new but, whether old or new, ideas and facts are well and interestingly presented and are liberally illustrated by photographs, maps, charts, and diagrams.

The book is especially timely in view of the large housing program now being advanced by the federal government and in view of the inevitable and approaching renewal of general housing and land subdivision activity to follow the current depression in correction of housing deficiencies accumulated over the past several years.

Three things make the "Design of Residential Areas" an outstanding report:

First: The admirable discussion of approach and techniques, handled in a detached and impersonal manner, stimulating and valuable in a much wider field than that of the planning profession. The question of motives and objectives in planning is easily forgotten but there is unlimited danger in such forgetting.

Second: The analysis of specific plans for residential areas. Where alternative plans have

been made for the areas in question, these plans are compared and analyzed. An instance in point is the English residential suburb of London—Hampstead Garden Suburb. This laboratory study has practical as well as theoretical interest.

Third: The general organization of the report which is such that its contents are readily available for reference and general use. The index is not the least of the good features.

RUSSELL V. BLACK

*

Jahrbuch für Kommunalwissenschaft, Vol. I, Part II. Edited by Dr. Kurt Jeserich. Vedlag W. Kohlhammer, Berlin 1935. 299 pp. Price RM 6.

The Institute of Municipal Science of the University of Berlin, under the leadership of Dr. Kurt Jeserich, has taken over the publication of the German Municipal Yearbook, formerly issued commercially somewhat as our own *Municipal Index*.

Radical changes have been instituted in format, substance, and date of issue. In the new book, all advertising has been eliminated. Whereas the former publication specialized each year in some particular phase of local administration, the present yearbook seeks to provide a general summary of developments not only in Germany but in other European countries in which, for political or administrative reasons, Germans may be expected to be interested. The present "yearbook" is, in fact, issued semi-annually, and is therefore of considerably more current interest than its predecessor.

The present issue, which covers the period from July to December, inclusive, 1934, summarizes current matters of municipal interest in a series of eleven articles by German, English, and American scholars and administrators. Dr. Karl Lohmann contributes an interesting

article on the state, the party, and local administration in Russia and Italy. Dr. Marguerre summarizes recent developments in the public electricity supply. Dr. Christaller writes an extremely interesting article on the physical geography of administrative rationalization. Dr. Zeitler contributes a summary of developments in the field of municipal hospitalization. Dr. Hans Pagenkopf discusses the general problem of decentralized self-government, with particular relation to the federal arrangements of the *Grossstadt* Berlin. Two extremely interesting articles on municipal statistics are contributed by Paul Stegemann and Dr. Herbert Meyer. Stegemann writes on the laws and orders which have aimed at securing better and more comparable municipal financial statistics, while Meyer contributes a summary of miscellaneous administrative statistics, except fiscal statistics. Mr. Montagu Harris discusses recent developments in English local government, while Mr. Paul Betters writes on American cities in the depression. Senator Vinck of Brussels contributes a very enlightening discussion of the International Union of Cities and Local Authorities. To foreign students of the European and German local government scene, the concluding article by Dr. Hilberath, giving a rather detailed summary of the significant happenings in local government in Germany during the half-year covered by the yearbook, is of the greatest interest. Here, in the brief compass of 35 pages, the movements and trends of local administration in Germany for the last six months are set down in a peculiarly clarifying and illuminating manner.

Students of local government the world over are deeply in the debt of Dr. Jeserich and his collaborators for this splendid and aggressive attack on the problem of keeping local government information up-to-date.

ROWLAND EGGER

Public Administration Clearing House

*

Wisconsin Regional Plan Review. Madison, Wisconsin Regional Planning Committee, 1935. 501 pp. Limited edition distributed free of charge by the State.

The First Annual Report of the Wisconsin Regional Planning Committee, 1934, consists of a comprehensive study of the population, resources and social and economic background of the state. Made possible through

coöperation of the FERA, the study brings to actuality plans which had been made some years ago to take steps toward the increased coördination of rural and urban planning movements.

The volume contains tables on population movements within the state, clear comparisons being given as to urban and rural situations. Sections on education and health contain valuable suggestions for elimination of small units, and corresponding improvement of local personnel.

An intensive study of the problem of conservation is included, showing in graphic style the history of the waste of Wisconsin forest resources. This is followed by a series of articles on planning which give quite complete information on the present situation with respect to both urban and rural zoning. The latter constitutes one of the most significant movements in the state at present.

The section on government and taxation is too brief to be of great service. It is planned that later studies shall give more complete information in this field.

LEE S. GREENE

University of Wisconsin

*

Essays on the Law and Practice of Governmental Administration. Edited by Charles G. Haines and Marshall E. Dimock. Baltimore, The Johns Hopkins Press, 1935. 321 pp. \$3.00.

More than fifty years ago Frank J. Goodnow, first president of the American Political Science Association and known as the "father of American administration" began teaching at Columbia University. In his many years there, and later as president of John Hopkins University, he stimulated scores of students who later themselves achieved distinction in the fields of public administration and administrative law. A group of these have contributed the essays which make up this volume as a tribute to President Goodnow.

The authors include John A. Fairlie, James Hart, George W. Spicer, Charles Grove Haines, Milo R. Maltbie, Thomas Reed Powell, Frank G. Bates, Charles C. Thach, and Marshall E. Dimock. Under the general divisions of the Origin and Meaning of Public Administration, Executive Leadership in Administration, Government in Relation to Industry and Control of Administration, each treats of a subject with

which he has had particular opportunity to become familiar.

*

Government in a Planned Democracy.

By Arthur N. Holcombe. New York, W. W. Norton & Co., 1935. 174 pp. \$2.00.

The problem of gearing democratic government to the job of national economic planning is treated in this challenging and enlightening study. The author makes clear the contradiction inherent in the idea of economic planning by those who control business and finance since uncontrolled by government, it inevitably would result in planning for the benefit of the planners. The fate of democracy is linked to the future of economic planning, the author emphasizes, and this means that government must develop administrative instrumentalities to design plans and carry them out. The book is perhaps the best that has been written to date—and the fact that it is brief does not detract from that statement—on the part government must play in national economic planning and the problem of class representation in such government.

*

Financing Municipal Recreation.

By Randolph O. Huus. Menasha, Wisconsin, The George Banta Publishing Company, 1935. 249 pp. \$2.50.

Once financed largely through private funds, the provision of facilities for recreation has become an increasingly important function of local government until in 1931, cities and counties were paying 90 per cent of recreational costs. In a competitive struggle for funds from the general tax levy, recreation, because it is a recently assumed responsibility of city government, frequently suffers as contrasted with older functions. While it should continue to secure substantial support from the general tax funds, especially in providing playgrounds and community centers, other income sources should be developed.

In the discussion of possible sources, special tax levies and the use of excess condemnation as methods of financing recreational projects are not favored. Special assessments have been employed successfully in many communities. The possibilities of gifts and donations should not be overlooked. Fees and charges for use of facilities may be used in successful financing if a sound and definite policy is established.

Those responsible for the preparation of rec-

reational budgets will find special help in chapters analyzing expenditures for municipal recreation and defects of municipal recreation budgets; also in suggested standards for such budgets. Long term planning for capital needs is defined as an essential of adequate fiscal policy.

*

Modern Housing.

By Catherine Bauer. Boston and New York, Houghton-Mifflin Company, 1934. 331 pp. \$5.00.

Catherine Bauer, who has studied the best examples of European housing from the standpoint of possible application in the United States, believes that housing has finally become an issue in this country not so much because a new method is badly needed to halt the "rising tide of urban blight" as because of the many special interests who hope to profit from it. There will not be much progress except in talk until a real mass desire for improved and low-priced dwellings makes itself heard. Miss Bauer has no patience with the subsistence homestead plan, assailing it as a rapid step toward peasantry.

The larger portion of the book is given to the rapid development in housing abroad, and quite rightly, for as the author brings out, with the exception of a few centers such as Radburn, New Jersey, Sunnyside Gardens in Queens, New York, and Chatham Village, Pittsburgh, practically no important work has been done here.

Most of the foreign action was forced by the shortage after the war. Instead of "subsidizing the speculator" as we did in the same shortage, Europe "subsidized the consumer"—the only way in which a satisfactorily planned development can be built, according to Miss Bauer. Either the workers' wages must be raised, or the government has to subsidize the project and any idea of trying to "save the real estate interests" is impracticable. A general dissatisfaction with the old shelters in Europe took form in a public demand for something better. The governments assumed responsibility and wisely spread their small amount of cash over the greatest distance by building strong, well planned houses that would last half a century.

Miss Bauer's book, with its history of housing from the earliest slums to the latest efforts against them, with its scores of illustrations and detailed accounts of building carried on in

several foreign nations, is one of the most thorough works that has been written on a subject destined for increasing importance.

*

Chapters in Public Finance. By Paul Studenski. New York, Farrar & Rinehart, Inc., 1935. 177 pp. \$1.00.

Four chapters from a revised edition of *Economic Principles and Problems* by Walter E. Spahr and others, collected and presented separately, provide a reference handbook exceptionally useful as background for interpretation of current news columns dealing with federal, state, and local finance.

Included in the new material are discussions of the course of public expenditures during the depression and under the New Deal, the trend of public revenues during the depression and the course of federal, state, and municipal credit during the depression. Supplementing the excellent reading lists provided at the end of each chapter in the previous edition, Dr. Studenski has added lists of questions which serve to recapitulate the most important material.

*

Richmond City Government. A study by the Richmond First Club. Richmond, Virginia, 1934. 150 pp. Twenty-five cents.

Citizens' Councils will greet with interest this non-partisan study of local governmental services made by a citizens' organization. Along with appraisal of Richmond's present form and method of government are recommendations made by the Richmond First Club for their improvement. The report is in popular newspaper style and was printed in daily installments in the *Richmond News Leader*.

*

County Consolidation. By Edward B. Schmidt. Lincoln, Nebraska, University of Nebraska, 1934. 52 pp. Fifty cents.

This is an investigation of the effect of county consolidation upon the cost of county government in Nebraska. Mergers involving Lancaster and Douglas Counties, the most populous counties in the state, are not considered. The author concludes that in only about one-third of the other counties of the state would consolidation reduce governmental costs.

*

County Finances in the State of Washington. By Joseph P. Harris. Seattle, University of Washington, 1935. 103 pp. \$1.00.

In the summer of 1933 the Washington State Emergency Relief Administration found its problem of the allocation of relief funds to the counties seriously complicated by its lack of knowledge of the financial conditions in those units. It asked Professor Harris to undertake the survey of county finances, the results of which are, in part, presented in this volume—one of the University of Washington Publications in the Social Sciences. Financial data on each of the state's thirty-nine counties were secured, tabulated, and analyzed. The tables included in this volume give such facts as population, area, assessed valuation, gross, net and warrant indebtedness, tax levies and tax collections, current and delinquent, county expenditures and unemployment relief costs, and trends in many of these items. General analysis of the data is given to emphasize and clarify the conclusions which may be drawn. The original survey included a detailed analysis of each county; four of these are included here—on King, Pierce, Spokane and Gray's Harbor Counties. Finally, there is a brief section on conclusions and recommendations. The study has doubtless already proved invaluable to the SERA which instigated it; its value to students of local government and finance will be long lived.

*

County Reorganization in Texas. By C. A. Jay. Dallas, Southern Methodist University, 1934. 19 pp.

The winter number of the Arnold Foundation Studies in Public Affairs analyzes and evaluates the several constitutional amendments on county affairs which were submitted to the voters of Texas in November 1934. It describes also the existing legislation affecting Texas county government. The pamphlet is brief but is adequate to explain how the passage of the amendments would constitute a step forward in the efforts being made to improve county government. Unfortunately, however, the county home rule amendment and the related measures were defeated at the election—and the process of educating the electorate continues in its early stages. Since the Arnold Foundation has as one of its purposes "to promote a better realization of the problems and responsibilities of citizenship," it may be expected that that education which this brief analysis offers will be continued, and ultimately, perhaps, its hopes achieved.